



Committee: SHARED REVENUES AND BENEFITS SERVICE JOINT COMMITTEE

Date: THURSDAY, 25TH JULY 2019

Venue: TOWN HALL, DALTON SQUARE, LANCASTER, LA1 1PJ

Time: 5.00 P.M.

A G E N D A

PART A (OPEN TO PRESS AND PUBLIC)

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

Nominations are invited for the Chair and Vice-Chair of the Joint Committee for the 2019/20 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 - 4)

To confirm the minutes of the meeting of the Shared Revenues and Benefits Joint Committee held on 10th December 2018.

6. **Shared Service - Annual Governance Statement 2018/19** (Pages 5 - 13)

Report enclosed.

7. **Shared Service (Unaudited) Annual Statement of Accounts 2018/19** (Pages 14 - 28)

Report enclosed.

8. **Business Plan 2019-2021 - Shared Revenues and Benefits Service (Pages 29 - 54)**

Report enclosed.

9. **Date of Next Meeting**

To be discussed.

Shared Revenue and Benefits Service Joint Committee

Shared Revenue and Benefits Service Joint Committee 10 December 2018

Present:

- | | |
|--------------------------|--|
| Councillor Mrs Whitehead | – Chair, Cabinet Member and Portfolio Holder for Revenues and Benefits, Lancaster City Council |
| Councillor Rawlinson | – Vice-Chair, Cabinet Member for Resources and Performance, Preston City Council |
| Councillor Mrs Blamire | – Leader of Lancaster City Council |
| Councillor M Brown | – Leader of Preston City Council |

Also in attendance:

- | | |
|---------------|--|
| Mr A Robinson | – Deputy Director of Customer Services/Head of Shared Service |
| Ms J Wilding | – City Treasurer and Section 151 Officer, Preston City Council |
| Mr D Bates | – Interim Financial Services Manager and Interim Section 151 Officer, Lancaster City Council |
| Mr S Cox | – Principal Accountant, Preston City Council |
| Ms J Grundy | – Head of Member Services, Preston City Council |

SRB11 Chair's Announcements

The Chair welcomed everyone to the meeting and introductions took place.

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 a meeting of the Shared Revenues and Benefits Service Joint Committee, held on 23 July 2018, be noted and signed as a correct record.

SRB15 Shared Revenues and Benefits Service Joint Committee - Revised Procedure Rules

The Director of Corporate Services (Preston) submitted a report on a proposed revision to the Joint Committee's Procedure Rules.

The Joint Committee had approved its Procedure Rules on 1 November 2011 whereby it had adopted a number of the rules from Preston City Council's 'Council Procedure Rules' to regulate proceedings during meetings.

The Director proposed to remove rules 10 and 15 from its standing orders, as detailed in Appendix 2 to the report. She also circulated further proposed minor amendments to paragraphs 6.2 and 32.2 in Appendix 1 to the report, the proposed Shared Revenues and Benefits Service Joint Committee Procedure Rules, which sought to correct minor errors.

Resolved – That the Joint Committee approved:-

(i) the removal of rules 10 and 15 from its standing orders for regulating its proceedings and meetings; and

(ii) the Shared Revenues and Benefits Service Joint Committee Procedure Rules as set out in Appendix 1 to the report, as amended.

SRB16 Date of Next Meeting

The next meeting of the Joint Committee would be arranged at a later date.

SRB17 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 paragraph(s) 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."

Shared Revenue and Benefits Service Joint Committee

SRB18 Shared Services Budget 2019/20 (Revenues and Benefits) (Paragraph 3)

The Deputy Director – Customer Services (Head of Revenues and Benefits Shared Service) submitted a report in line with the Shared Service Agreement between Lancaster City Council and Preston City Council, which required that the Joint Committee approve the annual revenue, capital and staff budgets in respect of the Revenues and Benefits functions.

The Joint Committee would then inform the two Councils of the amounts of their proposed contributions to the Joint Committee's budget.

Resolved – That the Joint Committee noted and approved:-

- (i) the latest budget monitoring for the Shared Service, as detailed in Appendix A to the report;
- (ii) the budget for 2019/20 for the Shared Service, as detailed in Appendix B to the report; and
- (iii) the delegation 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.

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Report to Joint Committee Meeting to be held on 25rd July 2019	Electoral Ward Affected ALL
Report submitted by: Director of Corporate Services (Preston City Council)	
SHARED SERVICE – ANNUAL GOVERNANCE STATEMENT 2018/19 (‘Appendices A and B’ refers)	

1. Summary

- 1.1 This report requests that the Shared Revenue and Benefits Service Joint Committee considers and approves the Annual Governance Statement for 2018/19. The Annual Governance Statement is set out in **Appendix A** to this report.

2. Decision Required

- 2.1 The Joint Committee is requested to:

- (i) Approve the Annual Governance Statement for 2018/19, as set out in **Appendix A** to this report.

3. Information

- 3.1 The Shared Revenue and Benefits Service Joint Committee (“Joint Committee”) serving both Councils (Lancaster and Preston), operates under a Local Code of Governance via the host authority (Preston), which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government Framework “the Framework”.
- 3.2 In line with good practice and CIPFA principles in relation to the effectiveness of internal control at each authority, it is considered appropriate for the Joint Committee to approve an Annual Governance Statement for 2018/19, to accompany the (unaudited) Annual Statement of Accounts 2018/19.
- 3.3 The Framework offers guidance that a Governance Statement should cover all the significant corporate systems, processes and controls, spanning the whole range of the authorities activities, including in particular those designed to ensure that:
- The Partner Authorities have maintained an adequate system of internal control
 - Measures are in place to prevent and detect fraud and corruption
 - The authorities policies are implemented in practice
 - High quality services are delivered efficiently and effectively
 - The authorities 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 2018/19, the Joint Committee 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 for 2018/19 has been produced taking into account the guidance and best practice contained within the Framework, and is set out in **Appendix A** to this report.
- 3.6 A summary table documenting recent housing benefit subsidy and internal audit work undertaken in relation to the Shared Service is provided in **Appendix B** as further assurance.

4. Implications

- 4.1 Financial planning and management is a key component of effective corporate governance. All financial implications are reflected in the (Unaudited) Annual Statement of Accounts 2018/19 that is also on the agenda for consideration by the Joint Committee.
- 4.2 Ensuring staff are adequately trained and professionally competent is key to meeting the core needs of the CIPFA/SOLACE guidance.
- 4.3 Risk is intrinsic to the system of internal audit and governance and mitigation of those risks are covered within the Business Plan 2019.

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 Annual Governance Statement for 2018/19 provides the citizens and service users with evidence of the effectiveness of the governance arrangements for the Revenues and Benefits Shared Service.

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	Ally Brown Director – Corporate Services Tel: 01772 906392

Contact for further information:

Ally Brown	01772 906392	Director of Corporate Services
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**REVENUES & BENEFITS SHARED SERVICE
ANNUAL GOVERNANCE STATEMENT
2018/19**

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 “Delivering Good Governance in Local Government Framework” 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 Framework 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 Councils.

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 Director of Corporate Services at Preston City Council is considered 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 key service objectives in the new 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 2019.

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, which
- 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 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 The internal audit service is delivered by an in-house team operating to professional standards as set out in the Public Sector Internal Audit Standards. Internal audit for the Shared Service is predominantly provided by the Lancaster City Council Internal Audit service, although the Preston team has provided assistance for this financial year. Where appropriate, reports are issued separately to the Audit Committees of each partner authority.
- 8.3 For the 2018/19 financial year, the audits undertaken provide positive assurance statements regarding the systems, policies and procedures operated by the Shared Service, without any significant control issues or failures having been identified. **(See Appendix B)**
- 8.4 The two Councils work to different assurance scales:
- | | |
|------------|---|
| Preston: | Full; Substantial; Reasonable; Limited; Minimal |
| Lancaster: | Maximum; Substantial; Limited; Minimal |

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 The Business Plan contains performance data to show performance against agreed targets together with draft financial statements. Any service issues will be outlined for Members' consideration.
- 9.3 Officers strive for continuous improvement and review lessons learned from previous financial years.

Signatures

Chair of the Shared Services Joint Committee _____

S151 Officers of the Partner local authorities _____ (Lancaster)

_____ (Preston)

July 2019

**Revenues & Benefits Shared Service
Subsidy Assurance & Internal Audit Reports Issued 2018/19:**

Note: The two Councils work to different assurance scales:

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

DWP Subsidy: Preston / Lancaster "Certified" in relation to approved subsidy claim

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
BENEFITS:				
2017/18	DWP Subsidy Audit (Lancaster) (Preston)	29/11/18 13/02/19	Qualified Qualified	Following receipt of the 2017/18 claim, the Department for Work & Pensions confirmed that there were no outstanding issues or adjustments to be made to the subsidy amounts payable, despite minor qualifications at both authorities.
18/1019	Housing Benefits – Manual Calculations (Lancaster)	29/08/2018	Substantial	Substantial assurance has been awarded on the basis that testing of manual payments made between 16 th July 2018 and 3 rd August 2018 have been calculated and administered in accordance with guidance provided.
18/1020	Housing Benefits – Full Audit (Preston)	22/01/2019	Substantial	Substantial assurance has been given on the basis that the Authority has good systems and processes in place to ensure that housing benefit is appropriate, correct and effectively managed, and the incidence of error is low.
COUNCIL TAX:				
18/1032	Council Tax – Full Audit 2018/19 (Lancaster)	05/03/2019	Substantial	Substantial assurance has been given on the basis that the Authority has good systems and processes in place to ensure that council tax

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
				<p>transactions are appropriate, correct and effectively managed.</p> <p>There is scope to strengthen arrangements further in relation to evidencing the checks carried out when determining liability, discounts and exemptions and controls surrounding the suspense account.</p> <p>Actions have been agreed to address these issues.</p>
Audit carried out by Preston	Council Tax – Full Audit 2018/19 (Preston)	17/04/2019	Substantial	<p>Substantial assurance has been given on the basis that the controls in place are operating effectively indicating that 1st line management is strong, including periodic discount, exemption and empty property reviews.</p>

Report to Joint Committee Meeting to be held on 25th July 2019	Electoral Ward Affected All
Report submitted by : City Treasurer (Preston City Council)	
Portfolio Holder : Cabinet Member for Resources and Performance (Preston City Council)	
SHARED SERVICE (UNAUDITED) ANNUAL STATEMENT OF ACCOUNTS 2018/19	

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 2019.
- 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 the United Kingdom (the Code) 2018/19.

2. Decision Required

- 2.1 To approve the unaudited Revenues and Benefits Statement of Accounts for 2018/19 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 2018/19 main Statutory Accounts of both Councils.
- 3.3 The Accounts represent all of the income and expenditure occurred by the Shared Service between 1st April 2018 and 31st March 2019. 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 2018/19 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 2018/19	25 th July 2019	Preston City Council, Section 151 Officer

Contact for further information:

Hazel Phillips	01772 906486	Senior Accountant
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REVENUES & BENEFITS SHARED SERVICE

STATEMENT OF ACCOUNTS 2018/19

**LANCASTER CITY COUNCIL
PRESTON CITY COUNCIL**

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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 1st 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 2018/19

a. Revenue Budget

The outturn for the 2018/19 financial year and comparison to budget are set out below:

	Latest Budget £'000	Actual £'000	Variance £'000	
Service Expenditure				
Management	160	166	6	(A)
Business Rates	522	547	25	(A)
Council Tax	974	949	(25)	(F)
Operations	306	300	(6)	(F)
Housing Benefits	1,592	1,606	14	(A)
Service Expenditure Total	3,554	3,568	14	(A)
Income				
Preston City Council	(1,777)	(1,784)	(7)	(F)
Lancaster City Council	(1,777)	(1,784)	(7)	(F)
Income Total	(3,554)	(3,568)	(14)	(F)
Total	0	0	0	

Notes:

(F) - Favourable Variance

(A) - Adverse Variance

The actual Shared Service expenditure for 2018/19 was £3,568k.

The Joint Committee approved a Shared Service expenditure budget for 2018/19 of £3,583k in December 2017. This has since been adjusted during the year for:

- One-off underspends on printing, postage and staff costs (-£107k saving)

- Funding has been received from the Department of Work and Pensions for Local Authority Data Sharing. This has increased budgets by £29k (one-off) and incurred matching costs for ICT projects.
- The provision of Revenues and Benefits support to Fylde Borough Council has been discontinued, resulting in a reduction in costs of -£5k, and a corresponding reduction in income.
- Recruitment of four temporary Benefits Officer posts for two years, funded from the draw down of grant income (£54k).

The final 2018/19 expenditure budget was £3,554k.

Both Councils agreed that actual costs associated with the Shared Service, including variances between budget and outturn, would 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.

During 2018/19 both Councils paid an equal amount into the Shared Service of £1,784k.

The Shared Service underspent its original budget for 2018/19 of £3,583k by £15k. The latest budget of £3,554k was overspent by £14k. This overspend was because the anticipated one-off saving of £107k was not fully achieved, mainly due to ICT costs being higher than expected. ICT costs, along with Print and Postage are the largest non-staffing expenditure incurred by the Shared Service. The costs for these oscillate year-to-year depending on the activities the service undertakes at the time. All costs 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	3,535
Lancaster City Council	<u>33</u>
	<u>3,568</u>

Preston City Council's expenditure was significantly higher than Lancaster City Council's because, as the Host Council, it employs 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 2018/19.

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 Pensions Partnership (LPP), 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 2018/19 (the Code) and comprises core and supplementary statements.

a. The Core Financial Statements:

- **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.
- **Movement in Reserves Statement:** this statement shows a summarised view of the movement in year on the different reserves held by the Shared Service.
- **Balance Sheet:** this sets out the Shared Service's assets and liabilities as at 31st March 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 Statement 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 2018/19 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 Finance Officer are responsible for the preparation of the Partnership's Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance & Accountancy) 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the City Treasurer and Chief Finance Officer have:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice on Local Authority Accounting (the Code)
- kept proper accounting records which were up to date
- 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 2019.

Signed

Chair of the Joint Committee

J. Wilding
City Treasurer
Preston City Council
Host Council

P. Thompson
Chief Finance Officer
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:

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.

Movement in Reserves Statement

This statement is intended to show the movement from the start of the year to the end on the different reserves held by the Shared Service. As the Shared Service does not have reserves, this statement does not apply.

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.

Income and Expenditure Account

2017/18 £'000		2018/19 £'000
	Service Expenditure	
162	Management	166
502	Business Rates	547
936	Council Tax	949
332	Operations	300
1,616	Housing Benefits	1,606
<u>3,548</u>	Net Operating Expenditure	<u>3,568</u>
	Service Income	
2	Fylde Borough Council	-
1,773	Lancaster City Council	1,784
1,773	Preston City Council	1,784
<u>3,548</u>	Total Sources of Finance	<u>3,568</u>
<u>-</u>	Surplus/Deficit for the year	<u>-</u>

Balance Sheet

As at 31st March 2018 £'000		Note	As at 31st March 2019 £'000
84	Debtors		74
(5)	Cash		0
<u>79</u>	Total Current Assets		<u>74</u>
79	Creditors	5	74
<u>79</u>	Total Current Liabilities		<u>74</u>
<u>-</u>	Net Assets		<u>-</u>

Cash Flow Statement

2017/18 £'000		2018/19 £'000
<u>-</u>	Surplus/deficit for the year	<u>-</u>
17	(Increase)/decrease in debtors	10
20	Increase/(decrease) in creditors	(5)
<u>37</u>	Net cash inflow/(outflow) from operating activities	<u>5</u>
<u>37</u>	Net increase/(decrease) in cash	<u>5</u>

Notes to the Core Financial Statements

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Shared Service's transactions for the 2018/19 financial year and its position at 31 March 2019. The accounts are prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), 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

The financial statements have been prepared on an accruals basis for all transactions and balances. 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. Short-term Employee Benefits

Short-term employee benefits are those due to be settled 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 and are charged on an accruals basis to the service lines in the Comprehensive Income and Expenditure Statement.

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 Pensions Partnership (LPP). 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.

- 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 Pensions Partnership 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 adverse, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue which may have a bearing upon the financial results of the past year. 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, for which 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

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

A financial liability is an obligation to transfer economic benefits controlled by the Shared Service. Creditors are the Shared Service's only financial liabilities. These are disclosed on the Balance Sheet at amortised cost.

xi. Financial Assets

A financial asset is a right to future economic benefits controlled by the Shared Service. Debtors are the only financial assets and are included in the Balance Sheet at amortised 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 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 receipts/payments rather than cash assets.

5. Creditors

At the year end £73,664 was accrued for transactions that relate to 2018/19.

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 2018/19 £'000
Head of Shared Service & Deputy Director Customer Services	69	10	79

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 Authority's 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 25th July 2019.

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.

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.

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.

Report to: Shared Revenues & Benefits Service - Joint Committee Meeting to be held on 25th July 2019	Electoral Ward Affected: All
Report submitted by: Deputy Director (Customer Services) - Head of Shared Service	
Report title: BUSINESS PLAN 2019 - 2021 (Shared Revenues & Benefits Service)	

1. SUMMARY

- 1.1 Lancaster City Council and Preston City Council entered a formal shared service arrangement for 10 years, 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 2019, covering a 2 year period 2019 – 2021, 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 2018/19 outturn position, and the budget requirement for 2019/20, approved at the previous meeting.

2. DECISION REQUIRED

- 2.1 The Joint Committee is asked to consider and approve the Business Plan for 2019 - 2021.

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 Benefit and Council Tax Support.
- 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.
- 3.3 Appended to this report as **Appendix 1** is the revised Business Plan for the Shared Service, covering a two year period 2019 - 2021. 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.

- 3.4 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
- 3.5 Budgets for both Councils have been formally approved and the Business Plan sets out the detailed budget position for the shared service for 2019/20, developed in line with these overall budget projections. It also contains a review of the Shared Services financial performance during 2018/19.
- 3.6 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
 - Any opportunities for further savings will be examined and agreed with Section 151 Officers and Portfolio Holders and built into future budgets
 - Linked to the outcome of consultation and other developments in the Government's planned welfare reforms, any re-allocation of resources or potential growth will be agreed in the same way
- 3.7 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.
- 3.8 Any agreed adjustments to Shared Service budgets will be fed into each authority's own budget process, ensuring that relevant Members and other officers are kept up to date with any issues arising and that these are considered and addressed in a co-ordinated way.
- 3.9 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 reports separately to each Council's 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 streamlining processes and 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, 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 customer services continue to operate as normal through each individual Council.
- 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 focus attention on the key service objectives supporting improved service delivery, with resulting 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:

Paper	Date	Contact/Directorate/Ext
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	Dan Bates 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)
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**BUSINESS PLAN
2019 - 2021**

**REVENUES & BENEFITS
SHARED SERVICE**

**LANCASTER CITY COUNCIL
&
PRESTON CITY COUNCIL**

(This Plan will be refreshed annually)

July 2019

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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; 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 & Control)
- Operations & Support

The current establishment for the existing service areas has contracted further and now totals 90.8 full time equivalent (FTE) posts, split as follows.

- 3.8 staff in Senior Management Team
- 36.6 staff in Benefits
- 27.3 staff in Council Tax
- 13.3 staff in Business Rates
- 9.8 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.

Staffing Comparison:

	Original Structure			Shared Service	
	Preston	Lancaster	Total	Shared Service	Overall Reduction
Permanent Staff					
Senior Managers	3	3	6	3.8	2.2
Managers	5.8	10.8	16.6	7.7	8.9
Team Leaders	6.3	14	20.3	13.2	7.1
Officers (*)	19	13.7	32.7	9.5	23.2
Processors (**)	42.1	52.5	94.6	54.5	40.1
Admin Staff	4.1	3.5	7.6	2.1	5.5
Totals	80.3	97.5	177.8	90.8	87

(*) 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 24,917(13,332 at Preston and 11,585 at Lancaster) and has an increasing number (128,867) of households for Council Tax purposes. There are 11,150 business premises liable for National Non Domestic Rates, which is a reduction on the previous 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;

- Ministry of Housing, 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 help to ensure that Council priorities can be achieved. This is by ensuring that we maintain sufficient resources, and wherever possible streamlined and standard processes are in place alongside systems, that support new 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 2019/20 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 resource and manage the impact of Universal Credit full service and assist customers throughout the process.
- 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;
- work 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;
- working with the Dept. for Work and Pensions to administer Universal Credit
- 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 2019/20 include:

- Manage the requirements, ongoing changes and continued roll-out of Universal Credit and its impact on customers;
- To explore opportunities for multi-functional processing across the Shared Service area in relation to Council Tax and Benefits
- Continue to publicise the availability of Capita Self-Serve/Connect through the Council portals – to allow customers, stakeholders and partners to access and update documentation relating to benefits, council tax and non-domestic rates via the Council's website;
- Extend the Inform solution to Lancaster (Automated telephony) to support Customer Services and encourage channel shift.
- The RTI system for Housing Benefit was replaced by the Verification Earnings and Pension alerts service (VEP) to identify changes in income (Pension Credit, Employment Support Allowance, Carers Allowance, Job Seekers Allowance and Income Support). Funding is still being made available to Local Authorities to administer these changes.
- Ensure all staff in Revenues and Benefits have suitable additional detailed vulnerability training to enable them to identify potentially vulnerable customers at an earlier stage
- Work with other Lancashire Authorities via benchmarking groups to formulate and implement a vulnerability policy that incorporates agreed best practice?
- Explore software solutions to interpret and analyse available information streams to reduce fraud and maximise income.

FINANCIAL APPRAISAL

2018/19

The Joint Committee approved a Shared Service expenditure budget for 2018/19 of £3,583k in December 2017. This has been adjusted during the year for:

- One-off underspends on printing, postage and staff costs (-£107k saving)
- Funding has been received from the Department of Work and Pensions for Local Authority Data Sharing. This has increased budgets by £29k (one-off) and incurred matching costs for ICT projects.
- The provision of Revenues and Benefits support to Fylde Borough Council has been discontinued, resulting in a reduction in costs of -£5k, and a corresponding reduction in income.

- Recruitment of four temporary Benefits Officer posts for two years, funded from the draw down of grant income (£54k).

The final 2018/19 expenditure budget was £3,554k

Central overheads are absorbed by the Council that incurs them and are not recharged into the Shared Service.

Both Councils agreed that actual costs associated with the Shared Service, including variances between budget and outturn, would be shared equally.

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

A comparison of budget to actual expenditure is set out below in Table 1:

Table 1: Outturn Position 2018/19

	Latest Budget £'000	Actual £'000	Variance £'000	
Service Expenditure				
Management	160	166	6	(A)
Business Rates	522	547	25	(A)
Council Tax	974	949	(25)	(F)
Operations	306	300	(6)	(F)
Housing Benefits	1,592	1,606	14	(A)
Service Expenditure Total	3,554	3,568	14	(A)
Income				
Preston City Council	(1,777)	(1,784)	(7)	(F)
Lancaster City Council	(1,777)	(1,784)	(7)	(F)
Income Total	(3,554)	(3,568)	(14)	(F)
Total	0	0	0	

Notes to Table 1:

(F) - Favourable Variance

(A) - Adverse Variance

The outturn expenditure as at 31st March 2019 was £3,568k which resulted in an overspend of £14k against the latest budget, and an underspend of £15k compared with the original budget. The £14k overspend was because the anticipated one-off saving of £107k was not fully achieved, mainly due to ICT costs being higher than expected. ICT costs, along with Print and Postage are the largest non-staffing expenditure incurred by the Shared Service. The costs for these oscillate year-to-year depending on the activities the service undertakes at the time. All costs are

under constant review to ensure that they are minimised, with budgets adjusted to reflect future anticipated spend.

2019/20

The 2019/20 budget approved by the Joint Committee on the 10th December 2018, together with prior year comparison, is shown below:

Table 3: Approved 2019/20 Budgets

	Original Budget 2018/19 £'000	Budget 2019/20 £'000
Service Expenditure		
Management	172	162
Business Rates	472	521
Council Tax	945	1,051
Operations	357	312
Housing Benefits	1,636	1,582
Service Expenditure Total	3,582	3,628
Income		
Preston City Council	(1,791)	(1,814)
Lancaster City Council	(1,791)	(1,814)
Income Total	(3,582)	(3,628)
Total	-	-

Notes to Table 3:

- The 2019/20 budget is a net increase of £46k on the original 2018/19 budget. The difference consists of:
- 2% pay award (including Job Evaluation impact)), staff increments, and pension and employee insurance increases - £62k (A) ongoing
 - Reduction in printing costs - £16k (F) ongoing
- Grant funding and equivalent expenditure will adjust the 2019/20 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 at **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 (72) and for Lancaster is (125) out of 326 districts and unitary authorities, 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 2019/20 based on staffing resources, recent trends and previous year performance.

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

Performance Appraisal

- **Local Taxation**

The Council Tax teams achieved 93.9% (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. The teams are trialling new schemes to try to identify those taxpayers facing the greatest difficulties and proactively reaching out to them to assist. The results are still being analysed.

NDR collection rate for 2018/19 achieved 95.6% (Preston) and 98.4% (Lancaster). Unfortunately, the economic climate continues to have a detrimental effect on the ability of businesses to make payment, but assistance has been provided for those small businesses facing a rise as a result of the April 2017 revaluation. Rate avoidance tactics in relation to empty rate charges in the form of claiming charitable and de-minimis occupation continue to have a significant impact upon collection rates and recent court decisions will have a significant impact in this area.

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.

All BIDS have been renewed and are operating well.

- **Benefits**

The Benefit Service gave a steady performance in 18/19, processing changes in circumstances in 10 days whilst new claims were processed in 32.6 days. Unfortunately the decision to backdate Council Tax Support cases to the start date for Universal Credit has had a negative impact upon this performance indicator. However, in a positive step, more claimants are now receiving the benefit to which they are entitled.

The Control team has 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 this year than in the previous financial year.

The Revenues & Benefits Shared Service achieved a good level of performance in most operational areas during 2018/19 but 2019/20 promises to be another

challenging year as welfare reforms continue to “bite” and Universal Credit continues its roll out at both authorities.

The Government’s commitment to introducing a “breathing space” for all debt types, if progressed within the 2019/20 financial year will inevitably impact upon in-year collection.

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"> • Maintenance contracts in place with demanding service levels. • Dedicated Account Managers in respect of critical IT systems/providers. • Business continuity plans developed and tested. • Capita Remote Support contract in place for Academy systems. • Regular updates and de-briefs between project leaders, the project manager and Service Heads.

FUTURE DEVELOPMENT

• Universal Credit

Both Lancaster and Preston City Councils are now at full digital service, meaning that Universal Credit 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.

A Data Sharing Agreement is in place between the Councils and DWP for 2019/20.

Following Government rule changes the local authorities no longer deliver personal budgeting support on behalf of the DWP as the service is now provided by the Citizens Advice Bureau. However, both Councils continue to offer help and advice to those most in need within the area.

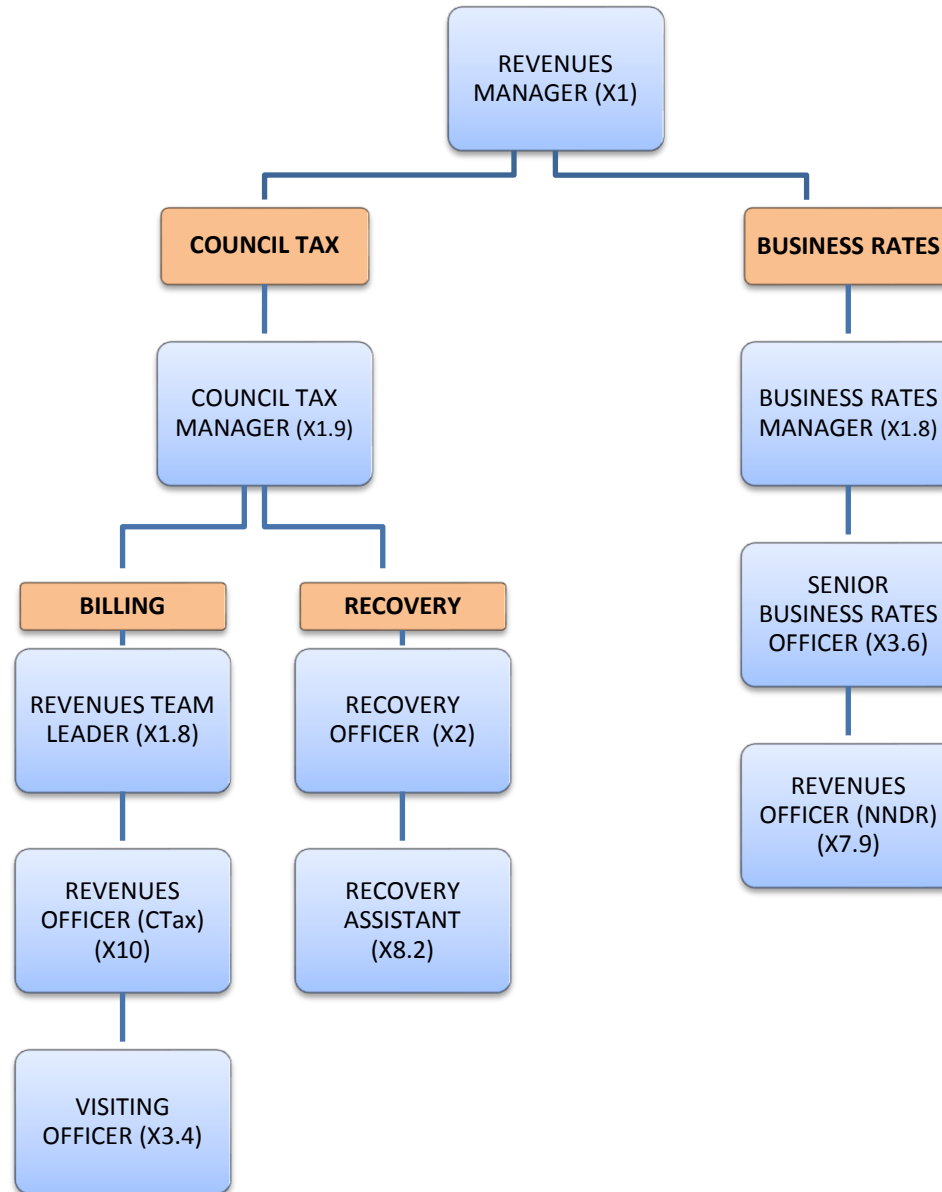
The official figure for the number of UC claims in Preston has been confirmed as 6,685, but the current number of actual claims affected by Universal Credit is 2,298.

The official figure for the number of UC claims in Lancaster has been confirmed as 7,859, but the current number of actual claims affected by Universal Credit is 3,805.

TWO YEAR HORIZON

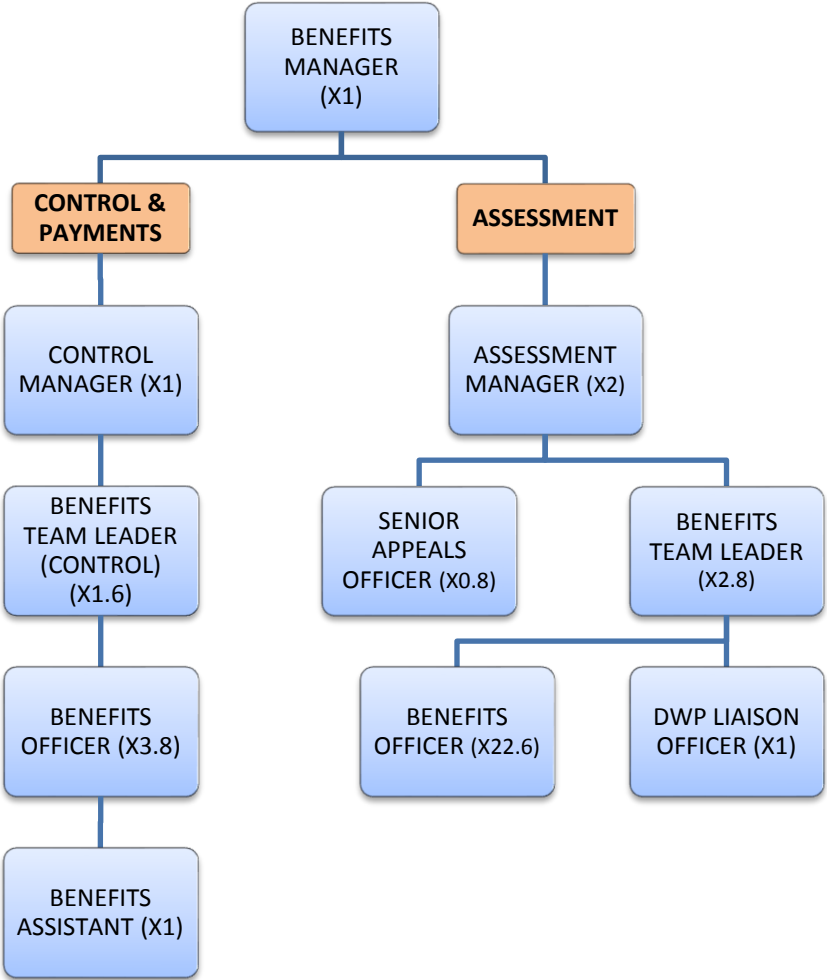
- To maintain a good standard of Benefits processing with ever reducing resources. However, ongoing welfare reforms and the difficulties with introduction of Universal Credit will continue to challenge the way in which the Benefits service is delivered.
- Progress and embrace new technology by developing and introducing e-solutions, mobile working, performance management, quality assurance and e-capture technology, in order to contribute to service 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



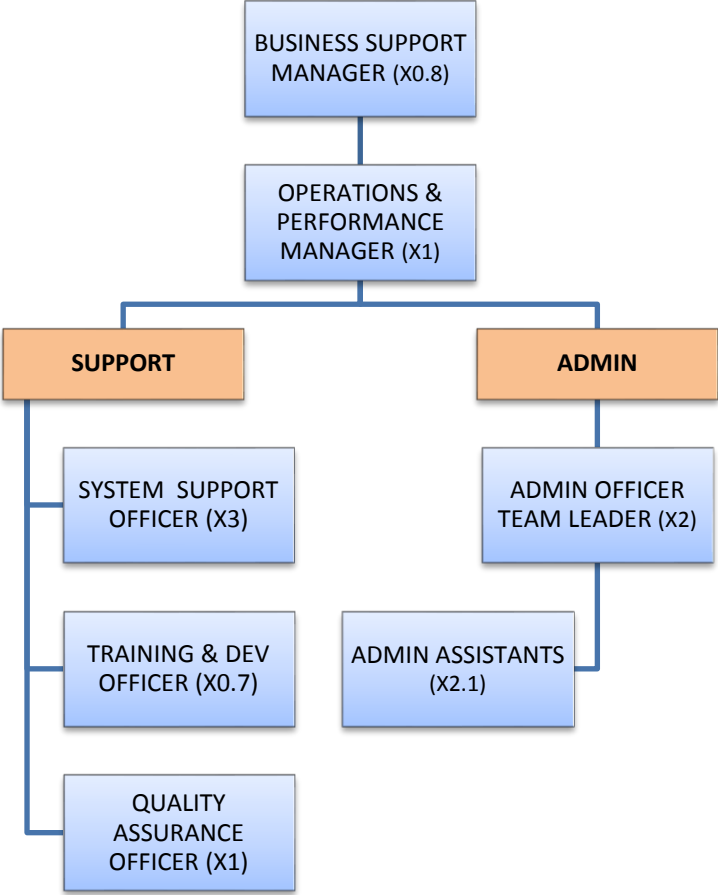
NOTE: (i) The structure roughly represents actual line management responsibility.
(ii) Total Staff = 41.6 FTE's

BENEFITS SERVICE



NOTE: (i) The structure roughly represents actual line management responsibility.
(ii) Total Staff = 37.6 FTE's

OPERATIONS SUPPORT SERVICE



NOTE: (i) The structures fall under the Benefits Manager for line management responsibilities.
(ii) Total Staff = 10.6 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	
	Reduction in benefits and	Work with Strategic		Ongoing		

Description of Concern	Adverse issues identified	Action Required	Targets / Measure	Date Due	Responsible Officer	Monitoring
	impact on peoples finances and lifestyles	Housing, Council Housing and other housing providers together with other agencies such as Lancashire Wellbeing, Welfare Rights, CAB			Benefits Manager supported by other services	
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		

Description of Concern	Adverse issues identified	Action Required	Targets / Measure	Date Due	Responsible Officer	Monitoring
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 Panels
Ex Armed Forces Personnel are at increased risk of homelessness	As above	Work with Community Engagement & Homelessness Team 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, 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 2018/19 Target		Year 2018/19 Performance		Year 2019/20 Target	
	Preston	Lancaster	Preston	Lancaster	Preston	Lancaster
Revenues						
% of Council Tax collected in year	93.9%	96.1%	93.6%	96.4%	93.6%	96.4%
% of NNDR collected in year	95.5%	98.7%	95.6%	98.4%	95.6%	98.4%
Housing Benefits	Shared Service		Shared Service		Shared Service	
Average turnaround time for new claims (measured in days)	23		32.6		23	
Average turnaround time for changes in circumstances	10		10		10	
% recovered of Housing Benefit overpayments raised during the year	65%	80%	109.5%	114.4%	85%	90%
% recovered of Housing Benefit overpayments raised in previous years.	26%	30%	27.9%	27.6%	26%	30%

REVENUES & BENEFITS SHARED SERVICE RISK LOG

	Risk Description	Likelihood	Impact	Mitigation
1.	ICT & Systems	Low	Critical	<ul style="list-style-type: none"> • Maintenance contracts in place with demanding service levels. • Dedicated Account Managers for high profile systems. • Business continuity plans developed and tested. • PRINCE2 accredited ICT project managers. • Regular updates and de-briefs between project leaders, the project manager and heads of service. • Capita Remote Support for Academy Systems. • Disaster Recovery testing carried out.
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"> • Continuously review staffing structure to ensure it remains fit for purpose. • Contingency plans in place to enable input of additional resources from either site to minimise risk during early stages. • Set realistic performance targets. • Overview by Joint Committee and S151 Officers.
3.	Welfare Reform	High	Significant	<ul style="list-style-type: none"> • 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. • 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. • 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).