

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

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.

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
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.