

<b>Report to Joint Committee</b> <b>Meeting to be held on 23<sup>rd</sup> July 2018</b>	<b>Electoral Ward Affected</b> <b>ALL</b>
<b>Report submitted by: Director of Corporate Services (Preston City Council)</b>	
<b>SHARED SERVICE – ANNUAL GOVERNANCE STATEMENT 2017/18</b> <b>Revenues &amp; Benefits (Appendix A refers)</b>	

## 1. Summary

- 1.1 This report requests that the Shared Revenue and Benefits Service Joint Committee considers and approves the Annual Governance Statement for 2017/18. The Annual Governance Statement is set out in **Appendix A**.

## 2. Decision Required

- 2.1 The Joint Committee is requested to:

- (i) appoint the Director of Corporate Services (Preston City Council) to act as Secretary to the Shared Revenue and Benefits Service Joint Committee; and
- (ii) approve the Annual Governance Statement for 2017/18, 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.
- 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 2017/18, to accompany the Annual Statement of Accounts (unaudited).
- 3.3 The Delivering Good Governance in Local Government Framework offers guidance that a 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 Partner Authorities have maintained an adequate system of internal control
  - Measures are in place to prevent and detect fraud and corruption
  - 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 2017/18, 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 2017/18 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.
- 3.7 The Joint Committee originally appointed the Head of Member Services as its “Secretary”. However, this earlier decision has been reviewed and it is considered appropriate that the responsibility role should sit at Chief Officer level within the host organisation. It is recommended that the Director of Corporate Services, from Preston City Council, be appointed Secretary to the Joint Committee. This proposal is reflected in the recommendation at paragraph 2.1(i) above.

#### **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 2017/18 that accompanies this report.
- 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 2018.

#### **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 2017/18 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  
2017/18**

**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 2018.

## **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 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 2017/18 financial year, the Internal Audit Manager has been able to 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.
- 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.

**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 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 \_\_\_\_\_

\_\_\_\_\_

**July 2018**

## Revenues & Benefits Shared Service Subsidy Assurance & Internal Audit Reports Issued 2017/18:

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
<b>BENEFITS:</b>				
2016/17	DWP Subsidy Audit (Lancaster) (Preston)	4/12/17 6/12/17	Certified Certified	Following receipt of your 2016/17 certified claim, I can confirm that as there are no outstanding issues relating to the claim, it is acceptable to the Department and the total amount of HB subsidy is properly payable to your authority for 2016/17
16/0983	Housing Benefit E-claim Module (Lancaster)	16/05/18	Substantial	Substantial assurance has been awarded on the basis that the processes surrounding the online housing benefit e-claim form are sufficiently robust and the module is fit for purpose.
<b>BUSINESS RATES:</b>				
17/0999	NNDR – Rate Avoidance (Lancaster)	19/02/18	Substantial	Substantial assurance has been awarded on the basis that a consistent, fair and proportionate approach is taken in relation to administering empty properties, the council taking all the necessary steps to improve business rate collections and reduce rate avoidance attempts. However, it has been agreed that arrangements will be made to publicise the council's stance on rate avoidance tactics, and to make clear the increased level of scrutiny and challenge that will be undertaken in relation to potential rate avoidance cases, through the production of a rate avoidance strategy.



Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
17/1000	NNDR (Lancaster)	11/04/17	Substantial	Substantial assurance has been given on the basis that good arrangements are in place to ensure that NDR reliefs and exemptions are appropriate, correct and effectively managed and new accounts are appropriately supported. Only minor improvements are required with a view to further strengthening existing controls and actions have been agreed to address these.
17/1004	NNDR (Preston)	20/04/17	Substantial	Substantial assurance has been given on the basis that good arrangements are in place to ensure that NNDR reliefs and exemptions are appropriate, correct and effectively managed and new accounts are properly supported. Only minor improvements are required with a view to further strengthening existing controls and actions have been agreed to address these.
17/1005	NNDR – Rate Avoidance (Preston)	19/02/18	Substantial	Substantial assurance has been awarded on the basis that a consistent, fair and proportionate approach is taken in relation to administering empty properties, the council taking all the necessary steps to improve business rate collections and reduce rate avoidance attempts. However, it has been agreed that arrangements will be made to publicise the council's stance on rate avoidance tactics, and to make clear the increased level of scrutiny and challenge that will be undertaken in relation to potential rate avoidance cases, through the production of a rate avoidance strategy.
<b>DEBT COLLECTION:</b>				
16/0978	Debt Collection Agency Performance (Lancaster) (Follow up Report)	30/03/17 06/06/18	Limited Substantial	Substantial assurance has now been given on the basis that debt collection requirements in terms of procedures, processes, performance monitoring, commission charges and data transfer

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
				<p>arrangements have been reviewed corporately prior to signing up to the Rotherham Framework.</p> <p>The Rotherham Framework will ensure that all debt collection service providers available under the agreement meet the council's expected criteria in terms of data security, performance, reporting, fees and charges, providing consistency across the council.</p>