

**Shared Revenues and Benefits Service Joint Committee
Monday, 22 July 2024, 5.00pm**

Boardroom, First Floor, Town Hall, Preston

A G E N D A

PART A (OPEN TO PRESS AND PUBLIC)

1. 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).

2. Notification of Substitute Members (if any)

3. Declarations of Interests

To receive any declarations of interest from Members.

4. Minutes (Pages 3 - 4)

To confirm the minutes of the meeting held on 5 February 2024.

5. Annual Governance Statement (Pages 5 - 16)

Report enclosed.

6. Shared Service (Unaudited) Annual Statement of Accounts 2023/24 (Pages 17 - 32)

Report enclosed.

7. Date of Next Meeting

To be determined later.

8. Exclusion of Press and Public

To consider passing the following resolution:

"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 is specified against the heading to each item, and that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing it."

PART B (PRIVATE AND CONFIDENTIAL)

9. **Shared Service - Business Plan 2023 - 2025 (Paragraph 3)** (Pages 33 - 57)

Report enclosed.

Shared Revenues and Benefits Service Joint Committee

Shared Revenues and Benefits Service Joint Committee 5 February 2024

Present:	Councillor Rawlinson	– Cabinet Member for Resources and Deputy Leader, Preston City Council
	Councillor Hamilton-Cox	– Cabinet Member for Finance and Resources, Lancaster City Council
	Councillor Black	– Leader, Lancaster City Council
	Councillor Brown	– Leader, Preston City Council

Also in attendance:

Ms S Threlfall	– Deputy Chief Executive and Director of Community and Wellbeing, Preston City Council
Ms J Wilding	– Director of Resources & S151 Officer, Preston City Council
Mr A Taylor	– Assistant Director (Head of Revenues and Benefits) , Preston City Council
Mr L Hurst	– Assistant Director (Head of Financial Services) , Preston City Council
Mr Bamber	– Revenues Manager, Preston City Council
Mrs H Johnston	– Benefits Manager, Preston City Council
Mrs C Lancaster	– Business Support Manager, Preston City Council
Mr P Thompson	– Chief Officer, Resources & Section 151 Officer, Lancaster City Council

SRB12 Chair's Announcements

There were none.

SRB13 Notification of Substitute Members (if any)

There were none.

Shared Revenues and Benefits Service Joint Committee

SRB14 Declarations of Interests

There were none.

SRB15 Minutes

Resolved - That the minutes of the meeting of the Joint Committee held on 6 July 2023 be noted and signed as a correct record.

SRB16 Date of Next Meeting

To be confirmed.

SRB17 Exclusion of Press and Public

Resolved – That the public be excluded from this meeting during consideration of the following items of business on the grounds that there is likely to be disclosure of exempt information which is described in Paragraph 12A of the Local Government Act 1972 and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing it.

SRB18 Shared Service: Budget 2024/25 - (Revenues & Benefits) (Paragraph 3)

The Director of Resources (Preston City Council) submitted a report on 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:

- (i) Approved the revised Shared Service budget for 2023/24 at **Appendix A** and which includes the changes set out in 4.1 to 4.4 of this report.
- (ii) noted the latest budget monitoring position for the Shared Service as detailed in **Appendix B** which includes the budget revisions proposed for approval at 2.1 (i).
- (iii) approved the budget for 2024/25 for the Shared Service as detailed in **Appendix C**.
- (iv) delegated to the S151 Officers of each Council (by agreement), to determine the cost sharing ratio for contributions to and from the overall Shared Service budget.

Report to: Shared Revenues & Benefits Service - Joint Committee	Electoral Ward Affected ALL
Meeting to be held on 22nd July 2024	
Report submitted by: Director of Resources (Preston City Council)	
Report Title: SHARED SERVICE – ANNUAL GOVERNANCE STATEMENT 2023/24 Shared Revenues and Benefits Service ('Appendix A' 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 2023/24. 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 2023/24, 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 2023/24, to accompany the (unaudited) Annual Statement of Accounts 2023/24.
- 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 2023/24, 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 2023/24 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 Members should note that whilst the attached Annual Governance Statement is for the Revenues and Benefit Shared Service, Preston City Council (the Host) publishes an Annual Governance Statement reporting on the governance arrangements for the whole authority. (see following link ... **(need to insert link to the AGS reported the Audit Committee in June)**). This sets out in more detail the governance arrangements in place during 2023/24.
- 3.7 A summary table documenting recent housing benefit subsidy audits and internal audit work undertaken in relation to the Shared Service is provided in **Appendix B** as further assurance.
- 3.8 An extract of the Risk Log is provided in **Appendix C** as further assurance, detailing mitigation in relation to the main risks that would have a significant impact for the Shared Service.

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 2023/24, 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 2023-25

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 2023/24 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	Jackie Wilding Director of Resources Tel: 01772 906994
Shared Service Business Plan 2023/25	2023	Andrew Taylor Assistant Director (Head of Revenues and Benefits) Tel: 01772 906013

Contact for further information:

Jackie Wilding Director of Resources Preston City Council	01772 906994	J.Wilding@preston.gov.uk
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REVENUES & BENEFITS SHARED SERVICE ANNUAL GOVERNANCE STATEMENT

2023/24

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 provided to the Joint Committee by the S151 Officers at both Lancaster City Council and Preston City Council. The Director of Resources 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 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 associated systems - Maintenance and connectivity issues, causing disruption to IT systems
 - Reduction in quality of service and/or performance
 - Welfare Reform - Transfer of responsibility to DWP for housing costs, changing regulations:
- 6.2 The Risk Register has been reviewed as part of the process of compiling the SSBP and the Plan contains a range of actions aimed at mitigating these risks. An extract from the Risk Register is provided at **Appendix C**.

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
- set out the core purpose, values and guiding principles for the partnership, in line with those of each partner authority, and
 - identified and addressed 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. e.g. 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 was previously predominantly provided by the Lancaster City Council Internal Audit service, assisted by the Preston team when required, but it has been agreed to share the workload over the next 12 months. Where appropriate, reports are issued separately to the Audit Committee of each partner authority.
- 8.3 The two Councils work to different assurance scales:
- Preston: Full; Substantial; Reasonable; Limited; Minimal
 - Lancaster (MIAA) High; Substantial; Moderate; Limited; No

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)

22nd July 2024

Revenues & Benefits Shared Service**Subsidy Assurance & Internal Audit Reports Issued 2022/23 and additional evidence:**

Note: The two Councils work to different assurance scales:

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

Internal Audit: Preston: Full; Substantial; Reasonable; Limited; Minimal
Lancaster (MIAA): High; Substantial; Moderate; Limited; No

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
DWP - BENEFITS:				
2022/23	DWP Subsidy Audit (Lancaster) KPMG Auditors	01/02/24	Certified	Following receipt of the 2022/23 claim: DWP confirmed that there were no financial implications resulting from a minor issue identified, and the HB Subsidy Claim was certified with no qualification. (£24m subsidy payment).
2021/22 and 2022/23	(Preston) Grant Thornton Auditors/KPMG		Ongoing	Due to several delays with the DWP subsidy audit the claims are ongoing.

Internal Audit Work:

For the 2022/23 financial year several Audits were completed.

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
	Housing Benefits	24/01/24	Substantial	Our work has established that most of the controls are in place and are operating effectively. There are only a couple of improvements to be made to strengthen the current operational arrangements which are detailed in the action plan. For these reasons, a substantial

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
	Business Rates	16/05/24	Substantial	<p>assurance rating has been awarded for this review.</p> <p>The Council has robust processes for establishing the business rates due after applying the appropriate reliefs. Reliefs and exemptions are awarded in line with latest policy requirements and legislation. It was confirmed that annual billing is conducted in a timely manner. In-year cash collections are reconciled monthly and allocated into the nominal ledger accounts accordingly. The Council has a Shared Service Revenues Recovery Policy which provides guidance on recovery process to be adopted to reduce debt and this was being adhered to. The generation of reminder letters and final notices was controlled by preset run dates which made them timelier and up to date. The Council uses outside Enforcement Agencies (EAs) who are performance managed through KPIs and quarterly liaison meetings. The Council has access to the EAs portal and therefore can view any account at any time.</p>
	Revenues and Benefits Quality Assurance	15/12/23	Substantial	<p>Our work has established that there is a sound system of control in place with controls effectively operating in all areas. Some minor areas of control improvement to further strengthen the current operational arrangements have</p>

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
				been identified. A Substantial assurance rating has therefore been placed on the control environment and the extent to which risks are mitigated.

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. • Installation Procurement of improved new connection between the two Councils • Business continuity plans developed and tested. Resources utilised for home working arrangements. • PRINCE2 accredited ICT project managers. • Regular updates and de-briefs between project leaders, the project manager and heads of service. • Dedicated Account Managers for high profile systems. • Procured Capita Remote Support for Academy Systems. • Disaster Recovery testing frequently carried out
2.	Reduction in quality of service and/or performance	Low	Significant	<ul style="list-style-type: none"> • Continuously review staff structure ensuring 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	Medium	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 DLUHC poses a risk for Council's that they will not forecast income/ expenditure/resources accurately (in addition to grant cuts).

Report to: Shared Revenues & Benefits Service - Joint Committee Meeting to be held on 22 July 2024	Electoral Ward Affected All
Report submitted by : Director of Resources (Preston City Council)	
Report title: SHARED SERVICE (UNAUDITED) ANNUAL STATEMENT OF ACCOUNTS 2023/24	

1. Summary

- 1.1 The Host Authority's 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 2024.
- 1.2 The host authority has prepared the Revenues and Benefits Shared Service Unaudited Statement of Accounts 2023/24 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) 2023/24.

2. Decision Required

- 2.1 To approve the Revenues and Benefits Shared Service Unaudited Statement of Accounts for 2023/24 as set out in Appendix A to this report.

3. Revenues and Benefits Shared Service Statement of Accounts Information

- 3.1 The Revenues and Benefits Shared Service Unaudited Statement of Accounts 2023/24 have been prepared by Preston City Council as the host authority.
- 3.2 The Revenues and Benefits Shared Service Unaudited Statement of Accounts 2023/24 present all of the income received, and expenditure incurred, by the Shared Service between 1st April 2023 and 31st March 2024. The costs, as pre agreed by the Joint Committee, are split 50/50 between Preston City Council and Lancaster City Council.
- 3.3 The Comprehensive Income and Expenditure Statement within the Revenues and Benefits Shared Service Unaudited Statement of Accounts 2023/24 states that the Shared Service income and expenditure for the year net to zero.

4. External Audit

- 4.1 The Revenues and Benefits Shared Service Unaudited Statement of Accounts 2023/24 do not require auditing as the income / expenditure is subsumed within each Partner Authority's main statement of accounts which are, themselves, subject to external audit.

Background Documents:

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

Paper	Date	Contact/Directorate/Ext
Preston City Council (Unaudited) Annual Statement of Accounts 2023/24	22/06/2024	Jackie Wilding Preston City Council, Section 151 Officer

Contact for further information:

Kim Sumner	01772 906664	Senior Accountant
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REVENUES & BENEFITS SHARED SERVICE

STATEMENT OF ACCOUNTS 2023/24

**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. A revised Shared Service and Benefits Agreement, which commenced on 1 July 2021 for a further ten-year period, was approved by Preston City Council on 30th June 2021 and Lancaster City Council on the 13th July 2021.

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 2023/24.

a. Revenue Budget

The outturn for the 2023/24 financial year and comparison to budget are set out below:

	Latest Budget £'000	Actual £'000	Variance £'000	
Service Expenditure				
Management	79	73	(6)	(F)
Business Rates	598	591	(7)	(F)
Council Tax	1,390	1,394	4	(A)
Operations	462	437	(25)	(F)
Housing Benefits	1,417	1,431	14	(A)
Service Expenditure Total	3,946	3,926	(20)	(F)
Income				
Preston City Council	(1,973)	(1,963)	10	
Lancaster City Council	(1,973)	(1,963)	10	
Income Total	(3,946)	(3,926)	20	
Total	0	0	0	

Notes:

(F) - Favourable Variance

(A) - Adverse Variance

The actual Shared Service expenditure for 2023/24 was £3,926k.

The Joint Committee approved a Shared Service expenditure budget for 2023/24 of £3,804k in December 2022. This has since been adjusted in the year for:

- Additional £1,925 flat rate pay award for those on spinal column points (SCP) up to and including SCP43, and those above SCP43, but graded below deputy chief officer were increased by 3.88 percent, in accordance with Green Book Part 2 Para 5.4. (£150k) agreed in November 2023. (A)
- Reduction in employers pension rate from 18.4% to 12.8% (-£136k) effective from April 2023. (F)
- Removal of duplicate post contained within 2023/24 Shared Service salary budgets in error (-£30k). (F)
- Budget virement to support Corporate Enquiry Team salary budget on an ongoing basis (-£5k). (F)
- Discrepancy corrected as original salary budget that was set in November 2022 was overstated (-£10k). (F)
- Increase of in year employee insurance costs (£3k). (A)
- Reduction in printing costs (-3k). (F)
- Increase in postage costs as because of increased house building in the Preston and Lancaster areas and an increase in recovery action being served against rate payers that have defaulted on payment, this has resulted in an increase in physical documentation being issued (£77k). (A)
- Additional budget requirement funded by reserves to support the upgrade of the NEC document imaging system (£26k). (A)
- Additional budget requirement funded by reserves for additional Shared Service staff resource (£48k). (A)
- Additional budget requirement funded by reserves to support the automated Chatbot system (£17k). (A)
- Additional budget requirement to support the Corporate Lone Worker system (£1k). (A)

The adjustments listed above are included in the revised Shared Service expenditure budget of £3,942k for 2023/24 that was approved on 5th February 2024.

A further budget adjustment listed below has subsequently been agreed after the revised Shared Services expenditure budget for 2023/24 was approved, taking the final Shared Service expenditure budget for 2023/24 to £3,946k.

- Additional budget requirement funded by reserves to support the automated Telsolutions system (£4k). (A)

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

Each Council has identified grant income that has been transferred to the Shared Service as part of the financing of the Shared Service.

During 2023/24 both Councils paid an equal amount into the Shared Service of £1,963k.

The Shared Service underspent its budget for 2023/24 of £3,946k by £20k, although additional unbudgeted expenditure of £47k was incurred for which a matching contribution was received through the value-added enforcement contract.

b. Expenditure Split by Council

	£'000
Preston City Council	3,903
Lancaster City Council	23
	<u>3,926</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 2023/24.

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 2023/24 (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 the 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 2023/24 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
Director of Resources
(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 ensure 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 Director of Resources 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) 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Resources 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 2024.

Signed

Chair of the Joint Committee

J. Wilding
Director of Resources
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

2022/23 £'000		2023/24 £'000
	Service Expenditure	
63	Management	73
577	Business Rates	591
1,324	Council Tax	1,394
401	Operations	437
1,415	Housing Benefits	1,431
<u>3,780</u>	Net Operating Expenditure	<u>3,926</u>
	Service Income	
1,890	Lancaster City Council	1,963
1,890	Preston City Council	1,963
<u>3,780</u>	Total Sources of Finance	<u>3,926</u>
<u>-</u>	Surplus/Deficit for the year	<u>-</u>

Balance Sheet

As at 31st March 2023 £'000		Note	As at 31st March 2024 £'000
225	Debtors		161
(39)	Cash		(36)
<u>186</u>	Total Current Assets		<u>125</u>
186	Creditors	5	125
<u>186</u>	Total Current Liabilities		<u>125</u>
<u>-</u>	Net Assets		<u>-</u>

Cash Flow Statement

2022/23 £'000		2023/24 £'000
<u>-</u>	Surplus/deficit for the year	<u>-</u>
(77)	(Increase)/decrease in debtors	64
(119)	Increase/(decrease) in creditors	(61)
<u>(196)</u>	Net cash inflow/(outflow) from operating activities	<u>3</u>
<u>(196)</u>	Net increase/(decrease) in cash	<u>3</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 2023/24 financial year and its position at 31 March 2024. 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 2023/24 (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 free parking) 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. There are no post balance sheet events.

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 31/03/2024 creditors for the Shared Service totalled £125,308. This mainly related to charges for goods received where the Shared Service had not yet been invoiced by 31/03/2024.

6. Officer Remuneration

One Senior Officer received remuneration, excluding employer's pension contribution, of between £50,000 and £150,000 per year.

Post Title	Salary (including Fees & Allowances) £'000	Pension Contributions £'000	Total Remuneration including Pension Contributions 2023/24 £'000
Assistant Director (Head of Revenues & Benefits)	57	7	64

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 22nd July 2024.

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.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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