

<b>Report to Joint Committee</b> <b>Meeting to be held on 16<sup>th</sup> July 2015</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</b> <i>(Appendix A refers)</i>	

## 1. Summary

- 1.1 This report informs Members on the content of the Annual Governance Statement for 2014/15. 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 2014/15, 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 at **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	2007	Governance

**Contact for further information:**

Ally Brown	01772 906392	Director of Corporate Services
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**REVENUES & BENEFITS SHARED SERVICE  
ANNUAL GOVERNANCE STATEMENT  
2014/15**

**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 the functions duly delegated to it are delivered within budget and to agreed standards. To this end the Joint Committee requires robust reporting and performance management arrangements in place that meet the requirements of all partner authorities. The terms of reference of the Joint Committee require that the functions duly delegated to it are delivered within the budget and to agreed standards:

- The delivery of those delegated functions relating to Revenues and Benefits that Preston City Council and Lancaster City Council have agreed to be delivered through the Joint Committee within the budget and to the agreed standards;
- To ensure that Preston City Council and Lancaster City Council remain fully informed and engaged.

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, which includes 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 comprises the systems, processes, culture and values by which the Joint Committee is directed and controlled, and thereby provides quality, cost effective services to each partner authority.

2.2 The Joint Committee is not a free standing body in its own right, therefore appropriate arrangements for the good governance of its affairs must be made. It also draws upon the established good governance practice of Preston City and Lancaster City 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 and processes, including performance management arrangements that comprise the system of governance that 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, setting out the services to be provided and the quality requirements relating to these.
- 4.2 The Agreement provides that the Joint Committee be made up of two members of the Executive 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 S151 Officers of both Preston City Council and Lancaster City Council as required. 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. Further, the Head of Shared Service and the Section 151 Officer of Preston City Council present reports at each annual meeting of the Joint Committee providing details of the following matters:
  - A statement showing progress in achieving the objectives in the business plan;
  - A summary revenue account and statement of capital spending including 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 Council 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 so as to fit 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 Council.

## **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 considered to be:

- ICT and systems
- Reduction in quality of service and/or performance – Shared Service fails to deliver the desired outcomes.
- The implications arising out of the government agenda for welfare reform.

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 for producing the SSBP for 2015.

## **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 which:

- Led to staff consultation, and set out a core purpose and values / guiding principles for the partnership, in line with those of each Council, and
- identified and addressed any staff development needs.

7.2 Workforce planning has helped to deliver quality and cost effective services and the majority of 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 time of change, consultation with frontline staff takes place and they are fully involved and understand their role in the process, providing re-assurance and commitment.

7.4 Longer term workforce planning provides the opportunity to link training and development needs with future skills needs and devise strategies to meet these needs. eg. Universal Credit

## **8. Scrutiny & Audit**

8.1 Accounts relating to the Shared Service are subject to audit and open to inspection by the Joint Committee and parties. 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 meaningful scrutiny of its performance.

- 8.2 Internal audit for the Shared Service is provided by the Lancaster City Council Internal Audit service, reporting separately to each Council's Audit Committees. The internal audit service is delivered by an in-house team operating to professional standards set out in the 'CIPFA Code of Practice for Internal Audit in Local Government 2006.'
- 8.3 For the 2014/15 financial year, the results of audit work have enabled the Internal Audit Manager 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

**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, together with support services, further supported by 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 and draft financial statements. Any service issues will be outlined for members' consideration.

**10. Enhancing our Governance Arrangements**

- 10.1 Emphasis is on embedding the newly created governance and performance management arrangements as set out above.
- 10.2 Officers seek continuous improvement and 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 \_\_\_\_\_

**Revenues & Benefits Shared Service  
Internal Audit Reports Issued 2014/15:**

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
14/0937	Council Tax 2014/15 - Lancaster	27/11/14	Substantial	Council Tax transactions are appropriate, effectively managed and are in accordance with legislative requirements. Only minor actions have been agreed which aim to strengthen internal controls surrounding quality assurance checks and evidencing system parameter checks prior to annual billing.
14/0930	Council Tax 2014/15 - Preston	27/11/14	Substantial	Council Tax transactions are appropriate, effectively managed and are in accordance with legislative requirements. Only a minor action has been made/agreed which aims to strengthen internal controls surrounding the evidencing of system parameter checks prior to annual billing.
14/0938	NNDR 2014/15 – Lancaster	3/12/2014	Substantial	Good arrangements are in place to ensure that high level NNDR related risks are well managed. Only minor improvements are necessary with a view to further strengthening procedures in place and ensuring arrangements are consistent across the shared service.
14/0931	NNDR 2014/15 – Preston	3/12/2014	Substantial	Good arrangements are in place to ensure that high level NNDR related risks are well managed. Only minor improvements are necessary to ensure that checks carried out are properly evidenced.

<b>Job No</b>	<b>JOB_TITLE</b>	<b>Report Date</b>	<b>Assurance Opinion</b>	<b>Assurance Opinion Text</b>
14/0939	Operations & Performance 2014-15 - Lancaster	06/02/2015	Substantial	Good arrangements are in place to ensure that high level Operations and Performance related risks are well managed. Only minor improvements have been agreed with a view to further strengthening procedures in place .
14/0932	Operations & Performance 2014-15 - Preston	06/02/2015	Substantial	Good arrangements are in place to ensure that high level Operations and Performance related risks are well managed. Only minor improvements have been agreed with a view to further strengthening procedures in place and ensuring arrangements are consistent across the shared service.
14/0936	Housing Benefit 2014-15 - Lancaster	10/03/2015	Substantial	Good arrangements are in place to ensure that high level Housing Benefits related risks are well managed. Actions agreed are in relation to the review of arrangements once the Single Fraud Investigation Service has been fully established, and ensuring BACS processing arrangements are consistent across the shared service.
14/0929	Housing Benefit 2014-15 - Preston	10/03/2015	Substantial	Good arrangements are in place to ensure that high level Housing Benefits related risks are well managed. Actions agreed are in relation to the review of arrangements once the Single Fraud Investigation Service has been fully established.