

# **SOUTH WORCESTERSHIRE SHARED SERVICES PARTNERSHIP JOINT COMMITTEE**

**V3.1 Audited**

## **STATEMENT OF ACCOUNTS 2013-14**

## INTRODUCTION

The South Worcestershire Shared Services Partnership is a Joint Committee formed on 2nd July 2007 by Worcestershire County Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council for the purposes of Section 101 of the Local Government Act 1972 and Section 20 of the Local Government Act 2000. The Partnership agreement dated 2nd July has now superseded by an agreement dated 31st March 2009.

The member authorities have agreed to delegate the following of their functions to the Joint Committee:

- To oversee the development, planned implementation and continued operation of each of the joint shared service functions specified (or to be specified) in the agreement on behalf of the member authorities;
- To establish a framework for the operation of other shared services in Worcestershire including a programme for establishing feasibility and implementation
- Where the member authorities agree to implement a shared service in any other particular service area and agree that such shared service shall be delegated to the Joint Committee, to oversee development, planned implementation and continued operation of that shared service.

For the period 1 April 2013 to 31 March 2014 there were four services that fell under the terms of this agreement. These Shared Services were for Revenues and Benefits, Building Control, Worcestershire Hub (Wychavon District Council is not a member of the Worcestershire Hub Shared Service) and ICT.

During 2013/14 the Joint Committee approved the following:

- the transfer of telephony for Revenues and Benefits activity from the Worcestershire Hub to the Revenues and Benefits Shared Service;
- from October 2013, the formation of a Strategic Partnership with Civica UK Ltd for the delivery of the Revenues and Benefits Service;
- the transfer of the hosting arrangements for ICT from the County Council to Wychavon District Council, with effect from 1<sup>st</sup> April 2014, and;
- a procurement exercise to market test for a strategic partner for Building Control services.

This Statement of Accounts represents the activity in operating all four of the shared services during the period. It has been prepared by the current lead financial authority for the Joint Committee, Worcester City Council, with the co-operation of the other councils.

The earmarked reserve created for investment in new technology (Revenues and Benefits) has now been utilised. The surplus/ deficit on the Comprehensive Income and Expenditure Statement relates partly to IAS 19 transactions (accounting for pensions), which are reversed out through the Movement in Reserves Statement.

The Partnership believes that it is important that stakeholders understand its finances. Therefore, if there is anything that you think we can do to improve our reporting the please do not hesitate to contact me at the address below:

A handwritten signature in black ink, appearing to read 'Lesley Meagher', with a stylized, cursive script.

Lesley Meagher  
**Lead Financial Officer to the Joint Committee**  
Worcester City Council

## STATEMENT OF RESPONSIBILITIES

### The Joint Committee's responsibilities

The Joint Committee is required to:

- Approve the Statement of Accounts

### Responsibilities of the Lead Financial Officer to the South Worcestershire Shared Services Joint Committee

The Lead Financial Officer to the South Worcestershire Shared Services Joint Committee is responsible for preparing the Joint Committee's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code").

### As the responsible officer, I certify that in preparing this Statement of Accounts for the year ended 31 March 2014, I have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

### I have also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

These accounts present a true and fair view of the financial position of the Joint Committee at 31<sup>st</sup> March 2014 and its income and expenditure for the year then ended.



**Lesley Meagher**  
**Lead Financial Officer to the Joint Committee**  
Worcester City Council  
23 September 2014



### Approval by the Joint Committee

I certify that the above Statement of Accounts was approved by the Joint Committee at its meeting held on 24 September 2014.

### Signed on behalf of South Worcestershire Shared Services Joint Committee:

### Chairman of the South Worcestershire Shared Services Joint Committee

## **EXPLANATORY FOREWORD**

### **1. Introduction**

This Statement of Accounts presents the financial position of the Joint Committee for the year ended 31 March 2014. The Accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with best accounting practice. This foreword provides a brief explanation of the financial aspects of the Joint Committee's activities and a guide to the significant matters reported in the accounts.

The accounting policies used are outlined in this document and have been fairly and consistently applied. Proper and up to date accounting records are kept in all four member Authorities and assurance has been given that all reasonable steps have been taken to prevent and detect fraud and other irregularities.

The Lead Financial Officer is the officer responsible for the proper administration of the Partnership's financial affairs.

### **2. Governance Framework**

#### ***(i) The Purpose of the Governance Framework***

The governance framework comprises the systems, processes and cultural values of the three individual hosting organisations for the shared services. The framework allows each Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The Joint Committee's role is to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control for each host organisation is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of each Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

#### ***(ii) The Governance Framework***

Worcester City Council is the accountable body for 2014/15, which covers the compilation of the Statement of Accounts for 2013/14. The governance arrangements and systems of internal control are consistent with those adopted by the host Councils for the shared service accounting, and by Worcester City Council for completion of the joint Statement of Accounts. The Corporate Director – Resources, at Worcester City Council, is the Lead Financial Officer to the Joint Committee during 2013/14.

Worcester City Council has an Annual Governance Statement which explains the governance framework within the Council and the control arrangements that are in place. This statement is included in the City Council's Statement of Accounts and is subject to audit.

The member authorities have agreed to delegate the following of their functions to the Joint Committee:

- To oversee the development, planned implementation and continued operation of each of the joint shared service functions specified (or to be specified) in the agreement on behalf of the member authorities;
- To establish a framework for the operation of other shared services in Worcestershire including a programme for establishing feasibility and implementation
- Where the member authorities agree to implement a shared service in any other particular service area and agree that such shared service shall be delegated to the Joint Committee, to oversee development, planned implementation and continued operation of that shared service.

For the period 1 April 2013 to 31 March 2014 there were four services that fell under the terms of this agreement. These Shared Services were for Revenues and Benefits, Building Control, Worcestershire Hub (Wychavon District Council is not a member of the Worcestershire Hub Shared Service) and ICT. This Statement of Accounts represents the activity in operating all four of the shared services during the period.

### ***(iii) Review of Effectiveness***

All hosting authorities have responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers who have responsibility for the development and maintenance of the governance environment, by comments made by the external auditors and other review agencies and inspectorates.

The Councils have procedures in place to ensure the maintenance and review of the effectiveness of the governance frameworks which includes reports to and reviews by the following:

- The Audit Committee and Standards Committees;
- Internal Audit and External Audit;
- Other review / assurance mechanisms.

Each participating authority is required to produce its own Annual Governance Statement. In each instance, there are no matters that impact on the Joint Committee's governance arrangements. The Annual Governance Statement for each participating authority may be obtained from:

- Malvern Hills District Council: Andy Baldwin, The Council House, Avenue Road, Malvern, WR14 3AF;
- Wychavon District Council: Vic Alison, Civic Centre, Queen Elizabeth Drive, Pershore, WR10 1PT;
- Worcester City Council: Lesley Meagher, Orchard House, Farrier Street, Worcester, WR1 3BB;
- Worcestershire County Council: Patrick Birch, County Hall, Spetchley Road, Worcester, WR5 2NP.

The Lead Financial Officer is the officer responsible for the proper administration of the Partnership's financial affairs. The Joint Committee's financial management

arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

#### ***(iv) Significant Governance Issues***

The system of governance (including the system of internal control) can only provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the Joint Committee's objectives have been mitigated. The 2013/14 review has not identified any items which are considered to represent a significant internal control issue and therefore require disclosure in the 2013/14 Annual Governance Statement.

### **3. The Accounting Statements**

The accounting statements included in the accounts are listed below along with an explanation of their purpose:

**Movement in Reserves Statement** - this shows the movement in the year on the different reserves within the Joint Committee, analysed into 'usable reserves' (those that can be applied to fund expenditure) and other reserves. The Surplus (or Deficit) on the Provision of Services shows the true economic cost of providing the committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the committee.

**Comprehensive Income and Expenditure Statement** - this reconciliation statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

**Balance Sheet** - this shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the committee (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves is usable reserves – the General Fund Balance that the committee may use to provide services. The second category of reserves is those that the authority is not able to use to provide services. For the Joint Committee the only reserve within unusable reserves is the Pensions Reserve.

## **STATEMENT OF ACCOUNTING POLICIES**

### **1. General Principles**

The Statement of Accounts summarises the Joint Committee's transactions for the 2013/14 financial year and its position as at 31 March 2014. The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting 2013/14, relevant International Financial Reporting Standards and the Service Reporting Code of Practice (SERCOP).

### **2. Accruals of Income and Expenditure**

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- Fees and charges due from customers are accounted for as income at the date the partnership provides the relevant goods or services;
- Supplies are recorded as expenditure when they are consumed;
- Where income and expenditure have been recognised but have not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **3. Support Services Allocation**

Prior to the establishment of the Civica Strategic Partnership in October 2013 for Revenues & Benefits, support service costs have been fully allocated to the Revenues and Benefits Shared Service. This includes residual support service costs incurred by Malvern Hills District Council and Worcester City Council in addition to actual costs incurred by the host authority, Wychavon District Council.

From October 2013, support service costs for Revenues & Benefits Shared Service only include the marginal additional costs of supporting the shared service by the host, Wychavon District Council. The support service costs for the Building Control Shared Service, the Worcestershire Hub and the ICT Shared Service also only include the marginal additional costs of supporting the shared service by the host authority and not the full support service costs.

### **4. Property, Plant and Equipment**

All property, plant and equipment assets are held in the accounts of the host authorities' and accounted for in accordance with their accounting policies. The assets are depreciated over their useful lives in accordance with the host authorities' accounting policies.

### **5. Estimation Techniques**

In line with International Financial Reporting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a distinction is drawn between accounting policies and estimation techniques. Estimation techniques are the methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. Throughout this section and in the notes to the Core Financial Statements, reference is made to the bases on which assets, liabilities, gains and losses have been assessed.

### **6. Employee Benefits**



The Joint Committee is not permitted under the Local Government Act to employ staff directly; therefore benefits paid during employment are accounted for in accordance with the accounting policies of the host authority.

All host authorities participate in a defined benefit scheme for employees of the shared services, which is administered by Worcestershire County Council. The cost of pensions included within the accompanying statements follow the requirements of IAS 19 Employee Benefits. This policy recognises, within the accounts, pension liabilities when they are earned, even though the actual giving will be many years into the future. It better reflects the overall position which has given rise to the commitment in the long-term to increase contributions to make up any shortfall in the assets in the pension fund.

## **7. Income Recognition**

Government Grants and other contributions towards revenue expenditure are recognised on an accruals basis when conditions of entitlement to the grant or contribution are satisfied and there is reasonable assurance that the monies will be received.

## **8. Events After the Balance Sheet Date**

On 1 April 2014, the staff working for the ICT Shared Service transferred under the legal TUPE framework from the previous host authority; Worcestershire County Council, to the new host authority; Wychavon District Council.

## **9. 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 and a reliable estimate can be made of the obligation.

Provisions are charged as an expense against the relevant service line in the Comprehensive Income and Expenditure Statement in the year that the shared service becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are made they are charged against the provision carried in the Balance Sheet.

## **10. Other Accounting Matters**

The individual shared services transactions have taken place in each of the Member Authorities and these transactions have been combined to produce this Statement of Accounts. The main accounting records and information are retained at:

1. **Building Control** - Malvern Hills District Council, The Council House, Avenue Road, Malvern, WR14 3AF
2. **Worcestershire Hub, ICT** - Worcestershire County Council, County Hall, Spetchley Road, Worcester, WR5 2NP
3. **Revenues & Benefits** - Wychavon District Council, Civic Centre, Queen Elizabeth Drive, Pershore, WR10 1PT

**SOUTH WORCESTERSHIRE SHARED SERVICES PARTNERSHIP**

**MOVEMENT IN RESERVES STATEMENT**

	Note	General Fund Balance £000	Earmarked Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000
<b>Balance at 31 March 2013</b>		<b>140</b>	<b>9</b>	<b>149</b>	<b>-</b>	<b>149</b>
<b><u>Movement in Reserves during 2013-14</u></b>						
Surplus/ (deficit) on the provision of services		(190)	-	<b>(190)</b>	-	<b>(190)</b>
Other Comprehensive Income and Expenditure		-	-	-	-	-
<b>Total Comprehensive Income and Expenditure</b>		<b>(190)</b>	-	<b>(190)</b>	-	<b>(190)</b>
Adjustments between accounting basis & funding basis under regulations	<b>5</b>	93	-	93	(93)	-
<b>Net Increase/ Decrease in before Transfer to Earmarked Reserve</b>		<b>(97)</b>	-	<b>(97)</b>	<b>(93)</b>	<b>(190)</b>
Transfers to/ from Earmarked Reserves	<b>6</b>	9	(9)	-	-	-
<b>Increase/ Decrease in 2013-14</b>		<b>(88)</b>	<b>(9)</b>	<b>(97)</b>	<b>(93)</b>	<b>(190)</b>
<b>Balance at 31 March 2014</b>		<b>52</b>	-	<b>52</b>	<b>(93)</b>	<b>(41)</b>
<b>Balance at 31 March 2012</b>		<b>95</b>	<b>9</b>	<b>104</b>	<b>-</b>	<b>104</b>
<b><u>Movement in Reserves during 2012-13</u></b>						
Surplus/ (deficit) on the provision of services		(30)	-	<b>(30)</b>	-	<b>(30)</b>
Other Comprehensive Income and Expenditure		-	-	-	-	-
<b>Total Comprehensive Income and Expenditure</b>		<b>(30)</b>	-	<b>(30)</b>	-	<b>(30)</b>
Adjustments between accounting basis & funding basis under regulations	<b>5</b>	75	-	75	-	75
<b>Net Increase/ Decrease in before Transfer to Earmarked Reserve</b>		<b>45</b>	-	<b>45</b>	-	<b>45</b>
Transfers to/ from Earmarked Reserves	<b>6</b>	-	-	-	-	-
<b>Increase/ Decrease in 2012-13</b>		<b>45</b>	-	<b>45</b>	-	<b>45</b>
<b>Balance at 31 March 2013</b>		<b>140</b>	<b>9</b>	<b>149</b>	<b>-</b>	<b>149</b>

**SOUTH WORCESTERSHIRE SHARED SERVICES PARTNERSHIP**  
**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2013-14**

	Note	Gross Expenditure 2013-14 £000	Gross Income 2013-14 £000	Net Expenditure 2013-14 £000	Net Expenditure 2012-13 £000
<b>Service Expenditure Analysis</b>	<b>7</b>				
Central Services to the Public		3,595	3,586	9	(26)
Planning Services		587	587	-	-
Housing Services		3,951	3,775	176	71
Corporate and Democratic Core		1,446	1,441	5	(15)
Non Distributed Costs			-	-	-
<b>Net Cost of Services</b>		<b>9,579</b>	<b>9,389</b>	<b>190</b>	<b>30</b>
Financing and Investment Income and Expenditure				-	-
<b>Surplus or Deficit on the Provision of Services</b>				<b>190</b>	<b>30</b>
Actuarial (Gains)/ Losses on Pension Assets				-	-
<b>Total Comprehensive Income and Expenditure</b>				<b>190</b>	<b>30</b>

## SOUTH WORCESTERSHIRE SHARED SERVICES PARTNERSHIP

### BALANCE SHEET AS AT 31 MARCH 2014

	Note	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total 2013-14 £000	Total 2012-13 £000
Short-term Debtors	12	88	24	165	319	596	584
Cash		6	35	43	(339)	(255)	(60)
<b>Current Assets</b>		<b>94</b>	<b>59</b>	<b>208</b>	<b>(20)</b>	<b>341</b>	<b>524</b>
Short-term Creditors	13	(16)	(59)	(208)	(6)	(289)	(375)
Provisions		-	-	-	-	-	-
<b>Current Liabilities</b>		<b>(16)</b>	<b>(59)</b>	<b>(208)</b>	<b>(6)</b>	<b>(289)</b>	<b>(375)</b>
Other Long-term Liabilities		(93)	-	-	-	(93)	-
<b>Net Assets</b>		<b>(15)</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>(41)</b>	<b>149</b>
Usable Reserves		78	-	-	(26)	52	149
Unusable Reserves		(93)	-	-	-	(93)	-
<b>Total Reserves</b>		<b>(15)</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>(41)</b>	<b>149</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Critical Judgements in Applying Accounting Policies

There are no specific critical judgements made by the Partnership in compiling this Statement of Accounts. However critical judgements in applying accounting policies within the host authorities are disclosed in their accounts.

### 2. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Joint arrangements are robust and embedded into the day to day operations of all the appropriate authorities.

### 3. Material Items of Income and Expense

There are no material items of income and expenditure to disclose.

### 4. Events after the Balance Sheet Date

There are no material events after the balance sheet date.

### 5. Adjustments between Accounting Basis and Funding Basis under Regulations

The following table details the adjustments that are made to the total comprehensive income and expenditure recognised by the Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions.

<b>2013-14 Adjustments involving the Pension Reserve</b>	<b>Usable Reserves General Fund £000</b>	<b>Unusable Reserves Pensions Reserve £000</b>	<b>Total Reserves £000</b>
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	474	(474)	-
Employers' pension contributions and direct payments to pensioners payable in the year	381	(381)	
Transfer of scheme liabilities to partner and host councils	(93)	93	-
	-	-	-

<b>2012-13 Adjustments involving the Pension Reserve</b>	<b>Usable Reserves General Fund £000</b>	<b>Unusable Reserves Pensions Reserve £000</b>	<b>Total Reserves £000</b>
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	517	(517)	-
Employers' pension contributions and direct payments to pensioners payable in the year	(442)	442	-
Transfer of scheme liabilities to partner and host councils	(75)	75	-
	<b>-</b>	<b>-</b>	<b>-</b>

## 6. Transfers to Earmarked Reserves

	<b>Balance at 1 April 2013 £000</b>	<b>Transfers £000</b>	<b>Balance at 31 March 2014 £000</b>
Revenues & Benefits – New Technology	9	(9)	-
<b>Total</b>	<b>9</b>	<b>-</b>	<b>0</b>

The New Technology reserve was utilised in support of the Revenues and Benefits service during 2013/14.

## 7. Segmental Analysis

The following tables detail the Council's net revenue expenditure by service as reported under management reporting arrangements and how this reconciles to the comprehensive income and expenditure statement.

<b>2013-14</b>	<b>Revenues &amp; Benefits £000</b>	<b>Building Control £000</b>	<b>Worcestershire Hub £000</b>	<b>ICT £000</b>	<b>Total £000</b>
Fees, charges & other income	(15)	(5)	(260)	(2)	(282)
Income from partners	(3,682)	(582)	(3,326)	(1,439)	(9,029)
Govt. grants	(78)	-	-	-	(78)
	<b>(3,775)</b>	<b>(587)</b>	<b>(3,586)</b>	<b>(1,441)</b>	<b>(9,389)</b>
Employees	1,615	443	2,004	1,041	5,103
Other expenses	1,687	144	981	374	3,186
Support service recharges	556	-	601	26	1,183
	<b>3,858</b>	<b>587</b>	<b>3,586</b>	<b>1,441</b>	<b>9,472</b>
Net Cost of Services	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83</b>

<b>2012-13 Comparatives</b>	<b>Revenues &amp; Benefits £000</b>	<b>Building Control £000</b>	<b>Worcestershire Hub £000</b>	<b>ICT £000</b>	<b>Total £000</b>
Fees, charges & other income	(47)		(340)	(2)	(389)
Income from partners	(3,998)	(609)	(3,754)	(1,463)	(9,824)
Govt. grants	(222)				(222)
	<b>(4,267)</b>	<b>(609)</b>	<b>(4,094)</b>	<b>(1,465)</b>	<b>(10,435)</b>
Employees	2,820	456	2,350	962	6,588
Other expenses	523	153	1,205	478	2,359
Support service recharges	880		539	25	1,444
	<b>4,223</b>	<b>609</b>	<b>4,094</b>	<b>1,465</b>	<b>10,391</b>
Net Cost of Services	<b>(44)</b>	-	-	-	<b>(44)</b>

### Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	<b>2013-14 £000</b>	<b>2012-13 £000</b>
Cost of Services in Service Analysis	83	(44)
Add Amounts not reported to management	107	74
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>190</b>	<b>30</b>

### Reconciliation to Subjective Analysis

<b>2013-14</b>	<b>Service Analysis £000</b>	<b>Not Reported to Management £000</b>	<b>Net Cost of Services £000</b>
Fees and Charges	(282)	-	(282)
Other Income	(9,029)	-	(9,029)
Government grants and contributions	(78)	-	(78)
<b>Total Income</b>	<b>(9,389)</b>	<b>-</b>	<b>(9,389)</b>
Employee expenses	5,103	107	5,210
Transport related expenses	38	-	38
Supplies and services	1,095	-	1,095
Third party payments	2,053	-	2,053
Support services	1,183	-	1,183
<b>Total operating expenses</b>	<b>9,472</b>	<b>107</b>	<b>9,579</b>
<b>Surplus on the provision of services</b>	<b>83</b>	<b>107</b>	<b>190</b>

<b>2012-13 Comparatives</b>	<b>Service Analysis £000</b>	<b>Not Reported to Management £000</b>	<b>Net Cost of Services £000</b>
Fees and Charges	(389)	-	(389)
Other Income	(9,824)	-	(9,824)
Government grants and contributions	(222)	-	(222)
<b>Total Income</b>	<b>(10,435)</b>	<b>-</b>	<b>(10,435)</b>
Expenses	6,588	74	6,662
Transport related expenses	48	-	48
Supplies and services	1,615	-	1,615
Third party payments	696	-	696
Support services	1,444	-	1,444
<b>Total operating expenses</b>	<b>10,391</b>	<b>74</b>	<b>10,465</b>
<b>Surplus or deficit on the provision of services</b>	<b>(44)</b>	<b>74</b>	<b>30</b>

\*Expenses not reported to management at year end adjustment relate to pension charges required by the IAS19.

## 8. Employees' Remuneration

### 2013/14

<b>Remuneration Band</b>	<b>Revenues &amp; Benefits</b>	<b>Worcester Hub</b>	<b>ICT</b>	<b>Total</b>
£65,000-£69,999	-	-	1	1
£55,000-£59,999		2	-	2
£50,000-£54,999	-	1	-	1

For 2013/14 there were no employees paid in the bands above £69,999.

### 2012/13

<b>Remuneration Band</b>	<b>Revenues &amp; Benefits</b>	<b>Worcester Hub</b>	<b>ICT</b>	<b>Total</b>
£70,000-£74,999	1			1
£65,000-£69,000		1	1	2
£50,000-£54,999		2		2



## 9. Pension Costs

As part of the terms and conditions of employment of its staff, the host authorities offer retirement benefits. Although these benefits will not actually be payable until employees retire, the authorities have a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

Until 1<sup>st</sup> April 2011, each shared service was a separate 'ghost admitted body' to the Local Government Pension Scheme with its own contribution rate and assets and liabilities. At 1<sup>st</sup> April 2011, the 'ghost admitted bodies' were removed and the assets and liabilities of each were split between the participating councils on the basis of the percentage cost share of each. From 1<sup>st</sup> April 2012 all shared service staff were amalgamated into the host council's scheme.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Council Tax of each member Authority is based on cash payable in the year, so the real cost of retirement benefits is reversed out through the Movement in Reserves Statement.

The following transactions have been made through the Comprehensive Income and Expenditure Statement during the period:

<b>2013-14</b>	<b>Revenues &amp; Benefits</b>	<b>Building Control</b>	<b>Worcestershire Hub</b>	<b>ICT</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net Cost of Services</b>					
Current Service Cost	194	-	188	106	488
<b>Net charge to the Comprehensive Income and Expenditure</b>	<b>194</b>	<b>-</b>	<b>188</b>	<b>106</b>	<b>488</b>
<b>Movement in Reserves</b>					
Reversal of net charges made for retirement benefits in accordance with IAS19	(194)	-	(188)	(106)	(488)
<b>Actual amount charged against Council Tax for pensions in the year</b>					
Employers' pension contributions	194	-	179	101	474

Building Control pensions are covered in full by the host authority, Malvern Hills.

<b>2012-13</b>	<b>Revenues &amp; Benefits</b>	<b>Building Control</b>	<b>Worcestershire Hub</b>	<b>ICT</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net Cost of Services</b>					
Current Service Cost	315	-	129	73	517
<b>Net charge to the Comprehensive Income and Expenditure</b>	<b>315</b>		<b>129</b>	<b>73</b>	<b>517</b>
<b>Movement in Reserves</b>					
Reversal of net charges made for retirement benefits in accordance with IAS19	(315)	-	(129)	(73)	(517)
<b>Actual amount charged against Council Tax for pensions in the year</b>					
Employers' pension contributions	200	-	155	87	442

### **Assets and Liabilities in Relation to Retirement Benefits**

As a result of the transfer, all assets and liabilities of the pension scheme are held in the host authorities' accounts. There are therefore no reportable transactions.

### **10. External Audit**

The partnership is liable for the following fees relating to external audit paid to Grant Thornton UK LLP:

<b>2013-14</b>	<b>Revenues &amp; Benefits</b>	<b>Building Control</b>	<b>Worcestershire Hub</b>	<b>ICT</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Financial Statement Audit	4	3	3	4	14

<b>2012-13</b>	<b>Revenues &amp; Benefits</b>	<b>Building Control</b>	<b>Worcestershire Hub</b>	<b>ICT</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Financial Statement Audit	4	3	3	4	14

### **11. Related Party Transactions**

The Partnership is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Partnership or to be controlled or influenced by the Partnership. Disclosure of these transactions allows readers to assess the extent to which the Partnership might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Partnership.

### Central Government

The Revenues and Benefits Shared Service received a grant of £78,000 during the year.

### Partners to the Joint Committee

In respect of the Revenues and Benefits Shared Service, partner contributions were £1,528,000 from Worcester City Council, £746,000 from Malvern Hills District Council and £1,280,000 from Wychavon District Council.

In respect of the Building Control Shared Service, partner contributions were £182,000 (net) from Malvern Hills District Council, £127,000 from Worcester City Council and £261,000 from Wychavon District Council. At 31<sup>st</sup> March 2013 the shared service owed £13,000 to Worcester City Council and £18,000 to Wychavon District Council.

In respect of the Worcestershire Hub Shared Service, partner contributions were £237,000 from Malvern Hills District Council, £470,000 from Worcester City Council and £2,619,000 from Worcestershire County Council. At 31<sup>st</sup> March £47,613 was owed by Malvern Hills District Council and £111,556 was owed by Worcester City Council to the shared service.

In respect of the ICT Shared Service, partner contributions were £436,000 from Malvern Hills District Council, £521,000 from Worcester City Council and £482,000 from Wychavon District Council. At 31<sup>st</sup> March the shared service was owed £95,225 by Malvern Hills District Council, £104,083 by Worcester City Council and £79,654 by Wychavon District Council.

## **12. Debtors**

<b>2013-14</b>	<b>Revenues &amp; Benefits £000</b>	<b>Building Control £000</b>	<b>Worcestershire Hub £000</b>	<b>ICT £000</b>	<b>Total £000</b>
Other Local Authorities	88	24	165	279	<b>556</b>
Other Debtors	-	-	-	40	<b>40</b>
<b>Total</b>	<b>88</b>	<b>24</b>	<b>165</b>	<b>319</b>	<b>596</b>

<b>2012-13</b>	<b>Revenues &amp; Benefits £000</b>	<b>Building Control £000</b>	<b>Worcestershire Hub £000</b>	<b>ICT £000</b>	<b>Total £000</b>
Other Local Authorities	-	-	223	361	<b>584</b>
Other Debtors	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>223</b>	<b>361</b>	<b>584</b>

### 13. Creditors

<b>2013-14</b>	<b>Revenues &amp; Benefits £000</b>	<b>Building Control £000</b>	<b>Worcestershire Hub £000</b>	<b>ICT £000</b>	<b>Total £000</b>
Other Local Authorities	14	59	123	2	<b>198</b>
Other Creditors	2	-	85	4	<b>91</b>
<b>Total</b>	<b>16</b>	<b>59</b>	<b>208</b>	<b>6</b>	<b>289</b>

<b>2012-13</b>	<b>Revenues &amp; Benefits £000</b>	<b>Building Control £000</b>	<b>Worcestershire Hub £000</b>	<b>ICT £000</b>	<b>Total £000</b>
Other Local Authorities	51	38	160	19	<b>268</b>
Other Creditors	97	-	5	5	<b>107</b>
<b>Total</b>	<b>148</b>	<b>38</b>	<b>165</b>	<b>24</b>	<b>375</b>

### 14. Financial Instruments

The Shared Services only have debtors and creditors. There are no separate bank accounts and no investments. There are no credit risks within the debtors and creditors balances.

### 15. Contingent Liabilities

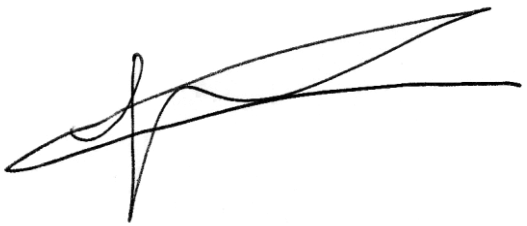
There are no contingent liabilities.

### 16. Capital Expenditure

There was no capital expenditure during the year.

**Approval of Statement of Accounts and Letter of Representation**

**We confirm that the Statement of Accounts and associated Letter of Representation were approved by the Joint Committee at its meeting on 24 September 2014.**

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Councillor John Campion  
**Chairman of the South Worcestershire Shared Services Joint Committee**

A handwritten signature in black ink, featuring a large, stylized initial 'L' followed by a series of smaller, connected loops and a trailing flourish.

Lesley Meagher  
**Lead Finance Officer to Joint Committee, on behalf of the Joint Committee.**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH WORCESTERSHIRE SHARED SERVICE PARTNERSHIP JOINT COMMITTEE**

### **Opinion on the Authority financial statements**

We have audited the financial statements of South Worcestershire Shared Services Partnership Joint Committee for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of South Worcestershire Shared Services Partnership Joint Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Lead Financial Officer and auditor**

As explained more fully in the Statement of the Lead Financial Officer's Responsibilities, the Lead Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Lead Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of South Worcestershire Shared Services Partnership Joint Committee as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

### **Opinion on other matters**

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

### **Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2013, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities and

As a result, we have concluded that there are no matters to report.

### **Certificate**

We certify that we have completed the audit of the financial statements of South Worcestershire Shared Services Partnership Joint Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

James Cook  
Director  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza  
20 Colmore Circus  
Birmingham B4 6AT

Date 29 September 2014