

Report to: **Audit Committee**
Date: **12 March 2019**
Title: **Shared Services Methodology 2018/19**
Portfolio Area: **Performance & Resources - Cllr C Edmonds**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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RECOMMENDATION

That the Audit Committee notes the methodology of the shared services apportionment of costs between West Devon Borough Council and South Hams District Council, as attached in Appendix A.

1. Executive summary

- 1.1. The methodology for the apportionment of costs (predominantly staffing costs) between West Devon Borough Council and South Hams District Council is set out in the attached Appendix. The staffing costs of a particular service team are split on a defined basis as set out. The split of costs reflects the level of caseload which is attributable to each Council's individual service.

2. Background

- 2.1. This report is the annual report to the Audit Committee which sets out the methodology and mechanisms that are being used to calculate the cost allocations between the two Councils.

- 2.2. West Devon Borough Council and South Hams District Council have been shared service partners since 2007. The Councils have a shared non-manual workforce.
- 2.3. Appendix A sets out the methodology and the percentage on which staff costs and other related costs for each service are split between West Devon Borough Council and South Hams District Council. The caseload statistics are the actual caseloads for each service mainly for the period April 2018 to the end of January 2019.
- 2.4. The final actual shared services split formulae have only been adjusted if they exceed a tolerance level of 3% from the original estimate of the shared services split. Anything where the difference between the actual and the estimate is 3% or below has not been changed.
- 2.5. In KPMG's annual report to the Audit Committee in July 2018 they stated that having reviewed the appropriateness of the basis of allocations, no issues were identified with the final audit concluding that:
- 2.5.1. The basis of allocation is appropriate and reflects the nature of the activities involved;
- 2.5.2. The allocation basis, and any changes from prior year, have been approved appropriately by management and was subject to appropriate review; and
- 2.5.3. The allocation had been appropriately calculated and the resulting costs recognised.

3. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council is legally required to maintain adequate governance and financial arrangements to ensure a fair allocation of shared costs is absorbed by each individual Council.
Financial	Y	As above.
Risk	Y	The allocation of shared costs was identified by KPMG as a key financial statements audit risk. KPMG's final report concluded that 'No issues were identified.' Grant Thornton are now the Council's External Auditors for 2018/19 onwards and they will be carrying out testing on the 2018/19 shared services allocations as part of the Interim Audit and Final Accounts Audit.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	N/a
Safeguarding	N	N/a

Community Safety, Crime and Disorder	N	N/a
Health, Safety and Wellbeing	N	N/a
Other implications	N	none

Appendices

Appendix A – List of shared service apportionments for 2018/19