

REPORT TO	DATE OF MEETING
Shared Services Joint Committee	19 January 2009

Report template revised June 2008



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Proposed Performance Management Arrangements	Finance and Resources	Susan Guinness Garry Barclay	8b

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report sets out the proposed performance management arrangements for the Finance and Assurance Shared Services Arrangement. The partnership is now live and is currently undergoing a period of detailed implementation to ensure that the services are established effectively. This includes establishing the governance and performance management arrangements which are coordinated through the Shared Services Joint Committee.

This project is a high priority to both Councils.

Chorley Council's Corporate Strategy for 2008/09 to 2009/10 sets out the Council's main corporate priorities relating to:

- Prosperity;
- People;
- Place; and,
- Performance.

Within these priorities areas this project specifically supports the strategic objective of ensuring that Chorley Borough Council is a performing organisation. Implementing Shared Finance Services is named as a key project by the Council in support of the long-term objective of being a provider and procurer of high quality priority services. The project is seen as an important contributor to raising staff satisfaction levels to 90% by March 2010.

South Ribble Council's Corporate Plan 2008-2011 lists the following main corporate priorities:

- A clean, green and safe environment
- A strong South Ribble in the heart of a prosperous Central Lancashire
- Strong and healthy communities
- Being efficient, effective and an exceptional council

This project specifically supports the priority of being efficient, effective and an exceptional council. For 2008-2009 implementing the partnership with Chorley Borough Council for financial services has been set as a key project.

RECOMMENDATION

1. That the reporting and performance management arrangements set out in this report be approved.

DETAILS AND REASONING

The role of the Shared Services Joint Committee (under S101(5) and S102 of the Local Government Act 1972 and S19 and S20 of the Local Government Act 2000 and all other enabling powers) is to discharge the Chorley and South Ribble councils' functions of providing the services detailed in the Shared Services Agreement. To ensure that it carries out its functions effectively the Shared Services Joint Committee requires robust reporting and performance management arrangements that meet its own requirements and those of the partner authorities. The full Terms of Reference of the Shared Services Joint Committee appear elsewhere on this agenda for consideration and approval. They include:

1. To monitor, review and make recommendations to both councils on the administrative arrangements and performance of those council services the subject of the Financial and Assurance Shared Services (FASSA)
2. To determine a Resource Plan not less than 60 'business' days before the start of the next financial year subject to (3) below
3. (i) To receive from the councils' their proposed contributions to the Continuing Costs and to approve or not these within 15 'business' days of receipt
(ii) To provide no later than 30 'business' days before the start of the next financial year written notice of the recommended contribution to each council to be paid by both councils, should this not have been approved in (3(i)) above

Timetable

The Shared Services Joint Committee is required to hold its first meeting within one calendar month of the commencement date of the shared services arrangement, meet at least four times in a municipal year and, hold its annual general meeting within one calendar month of the later of the constituent councils' annual meetings. For 2009/10 the following have been proposed as the quarterly meeting dates and these will provide the core of the reporting dates for the partnership. It has been proposed that the June meeting also acts as the annual meeting.

Monday 8 June	2009
Monday 14 September	2009
Monday 9 March	2009
Monday 14 December	2009

In addition to these regular meetings the Heads of Financial and Assurance Services will put into place their own ongoing performance management arrangements to monitor service provision on a more regular basis. They will summarise performance and report monthly to the Chief Finance Officers who will in turn report significant over and under performance to the respective Executive Portfolio Holders.

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.

Scrutiny & Audit

The accounts relating to the Services and this Agreement shall be the subject of independent audit and shall be open to inspection by the Joint Committee and the Councils. A key role of the Shared Services 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.

Resource Plan

The Shared Services legal agreement requires that the Shared Services Joint Committee shall, by 30th November of each Financial Year, determine a Resource Plan for the next Financial Year. In order to do this the Shared Services Joint Committee shall receive all relevant reports and information by such dates that allow it to fulfil this requirement.

Development of Service Plans

Each year there is a requirement that the host authority completes an Annual Shared Financial Services Service Plan as required under the legal agreement. This work will be completed in accordance with agreed timescales each year and in line with the relevant committee cycles including those of the FSSA Joint Committee.

Service Level Agreements

Service Level Agreements' (SLAs) have been prepared for all services and form part of the legal agreement between the Councils. These set out the basis for services to be provided and the general reporting and performance management requirements.

Shared Financial Services

Performance Targets

The SLA for Shared Financial Services is attached at Appendix A1, which includes accountancy, systems development, exchequer and procurement services. This provides that each year, and in conjunction with the development of the Annual Shared Financial Services Service Plan, a number of performance targets will be set. The applicable targets will be reported on a quarterly basis to the Shared Services Joint Committee. The performance targets for 2008-2009, which will remain in force until a change is agreed, are contained in Appendix A2. Any amendments to these will be approved by the Shared Services Joint Committee based upon officer recommendations.

In addition, the Head of Shared Financial Services will produce a monthly work report for the Chief Finance Officers and lead Executive Cabinet Members of each Council outlining the performance for that month. Where any major issues arise that could have direct implications on the delivery of the service requirements or could have negative impact on performance targets then these will be communicated to both Councils as soon as they are identified. Where necessary these should also be referred to the Joint Committee.

Key reports

With reference to the approved SLAs the following key reports will be provided for Shared Financial Services. These will be prepared in accordance with each Council's own procedures and to fit with any external and/or statutory requirements:

- An annually updated Financial Strategy (initially 3 years for Chorley and 4years for South Ribble).
- Reports and information necessary to set the Annual Budget and Council Tax.
- All revenue and capital budget monitoring reports.
- A report at the year-end setting out the final accounts for that year.
- A Procurement Policy and Procurement Strategy which shall be updated on annual basis.
- All reports shall go to the relevant Committee for each Council including Full Council, the Executive Cabinet, the Audit & Accounts Committee and the Policy and Service Review Scrutiny Committee as appropriate.

Shared Assurance Services

Performance Targets

The SLA for Shared Assurance Services is attached at Appendix B1, which includes audit, risk management and insurance services. Business continuity services will be provided to South Ribble Council only. This provides that each year, and in conjunction with the development of the Annual Shared Financial Services Service Plan, a number of performance targets will be set. The applicable targets will be reported on a quarterly basis to the Shared Services Joint Committee. The performance targets for 2008-2009, which will remain in force until a change is agreed, are contained in Appendix B2. Any amendments to these will be approved by the Shared Services Joint Committee based upon officer recommendations.

In addition, the Head of Shared Assurance Services will produce a monthly work report for the Chief Finance Officers and lead Executive Cabinet Members of each Council outlining the performance for that month. Where any major issues arise that could have direct implications on

the delivery of the service requirements or could have negative impact on performance targets then these will be communicated to both Councils as soon as they are identified. Where necessary these should also be referred to the Joint Committee.

Key Reports

With reference to the approved SLAs the following key reports will be provided for the Shared Assurance Services. These will be prepared in accordance with each Council's own procedures and to fit with any external and/or statutory requirements:

- An Annual Audit Plan by January in each year for the following financial year with quarterly updates against the work in the Annual Audit Plan, identifying significant changes.
- For 2009/10 an Audit Strategy/Charter to be reviewed on an annual basis thereafter.
- An Annual Report on the standards of internal control within two months following the year end, to inform each Authorities' own Annual Governance Statements, other governance documents and external inspection.
- An Annual Risk Management Strategy, and where required Risk Management Policy update, to The Audit Committee at Chorley and The Policy and Service Review Scrutiny Committee at South Ribble.
- For South Ribble Council only, an Annual Business Continuity Strategy and an Annual Business Continuity Action Plan (reviewed half yearly) setting out the critical service areas and the actions required.
- All reports shall go to the relevant Committee for each Council including Full Council, the Executive Cabinet, the Audit & Accounts Committee and the Policy and Service Review Scrutiny Committee as appropriate.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of the Shared Services performance management arrangements, and the table shows any implications in respect of each of these.

FINANCIAL	<p>The Shared Services Arrangement represents a significant change in the way that financial and assurance services are provided for both Councils. It is essential that sound performance management arrangements are in place to ensure that a high standard of service continues to be provided that enables each Council to meet its statutory, corporate and strategic requirements.</p> <p>In addition it is important that proper procedures are in place to ensure that the partnership itself meets all of its own budgetary and audit requirements.</p>
LEGAL	<p>The partnership has been established with a relatively informal structure which has low complexity and a low cost set up. The Shared Services Joint Committee, established under Section 101 of the Local Government Act 1972, provides the overall governance for this with its terms being set out in an Administrative Collaborative Agreement which has been signed by both Councils. Sound performance management arrangements are required to enable the Shared Services Joint Committee to effectively fulfil its obligations.</p> <p>Schedule 1 to this Agreement sets out the Service Level Agreements which form a key part of the performance management arrangements.</p>

RISK	<p>Any new service delivery approach involves a significant element of risk, both in relation to the new arrangement itself and in making the transition to that new service delivery vehicle. The development of the partnership will increase the risk to each of the councils and this has been recognised and is being managed, individually and collectively.</p> <p>The full risk assessment is set out in V0.3 of the Business Case.</p>
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OTHER (see below)	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

1. Business Case V0.3 – South Ribble and Chorley Council's Financial and Assurance Shared Services Arrangement, June 2008.