

SHARED FINANCIAL SERVICES

PERFORMANCE TARGETS 2008-2009

INTRODUCTION

1. The measures in this section are designed to gauge performance against the agreed key outputs of the Shared Financial Services. The indicators themselves are based upon best practice and have been developed in accordance with the following principles:
 - a. the indicators have been kept simple and easy to measure;
 - b. the indicators do not aim to cover all aspects of performance but instead have been chosen for their capacity to motivate changes in behaviour and support improvement; and
 - c. the indicator set aims to complement any existing performance management frameworks and benchmarking initiatives, and where possible facilitates future benchmarking.

2. The indicator set has been put together following full and detailed consultation with staff and users and is designed to capture key aspects of effectiveness as well as efficiency. In doing this targets draw upon the work of the National Audit Office (Value For Money in public sector corporate services – A joint project by the UK Public Sector Audit Agencies (2007)) which develops an amended scorecard approach that, in addition to an efficiency dimension, defines three separate facets of effectiveness that can be potentially measured:
 - a. **Impact**, in terms of how the output from each of the financial services functions contributes to, or influences corporate performance as a whole;
 - b. **Satisfaction** of users and senior managers, looking at how financial services are regarded by staff who use these services and also by senior management who commission them;
 - c. **Modernisation**, to consider the extent to which an organisation has adopted management practices regarded as being innovative and forward thinking.

Where relevant, the table below identifies each type of measure being used by the following references:

E = Efficiency

EI = Effectiveness Impact

ES = Effectiveness Satisfaction

EM = Effectiveness Modernisation

3. The results from the indicators set should be reviewed as a whole, taking into account the information they offer on their performance in respect of both effectiveness and efficiency. It is particularly important that undue emphasis is not given to measures of efficiency, but instead that the results of the indicator set are interpreted more widely to understand the impact of the finance function on the

Appendix A2

effectiveness of the organisations in achieving their key service delivery targets. For example, results for an efficiency measure such as the cost of the finance function as a percentage of organisational running costs need to be interpreted alongside the results for effectiveness measures such as the number of days from period-end to the distribution of financial reports to budget-holders and the commissioner and user satisfaction index.

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Key Output	Timescale	Measures	Type	Specific Requirements
ACCOUNTANCY SERVICES		<p>Overall Measures</p> <ul style="list-style-type: none"> • UoR Score of 4 • Overall commissioner and user satisfaction index (vfm Primary 6) • The number of management practices that have been adopted • % professionally qualified finance staff (FTEs) as a % of total finance staff (FTEs) (vfm Secondary 1) • Financial Services staff satisfaction 	<p>EI ES</p> <p>EM</p> <p>EI</p> <p>ES</p>	<p>It is planned to design one questionnaire to test satisfaction levels on an annual basis for all shared financial services. To help with this a list of commissioner and user statements can be found on the Public Audit Forum website at www.public-audit-forum.gov.uk.</p> <p>The list of practices can be found on the Public Audit Forum website at www.public-audit-forum.gov.uk</p>
Financial Strategy – initially 3 years for Chorley & 4 years for South Ribble	Updated annually in line with corporate & financial planning cycle	<ul style="list-style-type: none"> • Agreed by Council 	EI	
Revenue and capital budget	Annual in line with statutory deadlines and corporate & financial planning cycle	<ul style="list-style-type: none"> • Legal budget set 	EI	
Financial Performance Management	<ul style="list-style-type: none"> • Monthly to directorates • Quarterly to Members • Monthly to the Chief Finance 	<ul style="list-style-type: none"> • Over/Underspends within 1% of manageable/cash budget 	EI	
		<ul style="list-style-type: none"> • % variation between the forecast outturn at 	EI	

Appendix A2

Key Output	Timescale	Measures	Type	Specific Requirements
SYSTEMS DEVELOPMENT & EXCHEQUER SERVICES		<p>Overall Measures</p> <ul style="list-style-type: none"> • UoR Score of 4 • % Overall commissioner and user satisfaction index (vfm Primary 6) 	<p>EI ES</p>	<p>It is planned to design one questionnaire to test satisfaction levels on an annual basis for all shared financial services. To help with this a list of commissioner and user statements can be found on the Public Audit Forum website at www.public-audit-forum.gov.uk.</p>
Payment Run	Weekly	<ul style="list-style-type: none"> • Produced on time and in the correct format • Payment within 30 days (local indicator) (linked to vfm Secondary 10) • % of payments by electronic means (vfm Secondary 7) • % of remittances by electronic means 	<p>EM EM</p>	
Systems Administration	Daily	<ul style="list-style-type: none"> • All system problems to be resolved in accordance with the following: <ol style="list-style-type: none"> 1. Hardware problems by ICT 2. Application problems with reference to the suppliers SLA 3. User and operational problems within 2 hours 		

Appendix A2

Key Output	Timescale	Measures	Type	Specific Requirements
		<ul style="list-style-type: none"> • All new releases to be input in accordance with agreed implementation schedules approved by the Head of Shared Financial Services. • % of system availability 		
Systems Development	In accordance with agreed plans	<ul style="list-style-type: none"> • All developments to be implemented in accordance with plans approved by the Head of Shared Financial Services 		
Income Management	Daily	<ul style="list-style-type: none"> • 100% of income correctly coded • % Debtor income received • Debtor days (vfm Secondary 4) (measured at year end only) • Cost of customer invoicing function per customer invoice processed (vfm Secondary 3) • Credit notes as a % of total customer invoices raised (vfm Secondary 5) • Proportion of outstanding debt that is more than 90 days old from date of invoice (vfm Secondary 8) 	<p style="text-align: center;">E</p> <p style="text-align: center;">E</p> <p style="text-align: center;">E</p> <p style="text-align: center;">E</p> <p style="text-align: center;">EI</p>	Output and measures relate to Chorley only
Payroll	Monthly	<ul style="list-style-type: none"> • Accurate and on time payment • Payroll admin cost per employee (vfm Secondary 11) 	<p style="text-align: center;">EI</p> <p style="text-align: center;">E</p>	
Statutory &	In accordance	<ul style="list-style-type: none"> • Submitted on time 		

Appendix A2

Key Output	Timescale	Measures	Type	Specific Requirements
Financial Returns	with deadlines for each return	<ul style="list-style-type: none"> Pass validation checks 		
PROCUREMENT SERVICES		<p>Overall Measures</p> <ul style="list-style-type: none"> UoR Score of 4 Professionally qualified procurement employees (FTEs) as a % of total procurement employees (vfm Secondary 1) LIB/P12 – Satisfaction with the corporate procurement function Cost of procurement function as a % of non-pay expenditure (vfm Primary 1b) 	<p>EI</p> <p>EI</p> <p>ES</p> <p>E</p>	<p>Demonstrate support for regional and national developments in procurement and in particular the Regional Improvement and Efficiency Partnership and collaborative developments such as the Lancashire Hub</p> <ul style="list-style-type: none"> Reference: Modern Procurement Practice in Local Government – local performance indicator set for procurement (I&DeA 2003)
Procurement Policy & Strategy	Updated annually in line with corporate & financial planning cycle	<ul style="list-style-type: none"> Agreed by Council Achievement of measures and targets set in the Procurement Strategy 	EI	<ul style="list-style-type: none"> Targets to be set with reference to 'Modern Procurement Practice in Local Government – local performance indicator set for procurement (I&DeA 2003)
Procurement Services	Half-yearly and annual review of progress against the Strategy	<ul style="list-style-type: none"> Sustainable Procurement - Attain level 3 of the National Action Plan Framework by 2009 (Level 5 by 2011) 	EI	

Appendix A2

Key Output	Timescale	Measures	Type	Specific Requirements
		<ul style="list-style-type: none"> • Number of the Council's top 10 suppliers (by spend value) who have formal partnership/framework agreements with the authorities (vfm Secondary 3) • LIB/P9 Percentage of corporate spend placed with SME's • LIB/P5 Percentage of corporate spend aggregated through collaboration with other public sector authorities. • LIB/P10 Percentage of corporate spend including grants placed with the third sector i.e suppliers in the voluntary, community and social enterprise sectors. • LIB/P29 Percentage of invoices paid electronically 	<p style="text-align: center;">EI</p> <p style="text-align: center;">EI</p> <p style="text-align: center;">E</p> <p style="text-align: center;">EI</p> <p style="text-align: center;">EM</p>	
Financial and budgetary targets	In line with annual budgetary cycles	LIB/P22 Average invoice value Provision of Procurement Savings Report	E	<ul style="list-style-type: none"> • Ensure that CSR07 requirements relevant to procurement are met
Management of the Supplier Base	In accordance with annual performance management cycles	LIB/P24 Average Spend per Supplier	E	

