

REPORT TO	DATE OF MEETING
Shared Services Joint Committee	22 June 2009

Report template revised June 2008



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Performance Management Report	Deputy Leader	Susan Guinness Garry Barclay	

SUMMARY AND LINK TO CORPORATE PRIORITIES

The governance and performance management arrangements for the new partnership have previously been agreed by the Joint Committee including the format for quarterly performance management reports.

Using the agreed template, this is the first performance management report for 2009/10, the main purpose of which is to illustrate the progress made so far this year against the key actions and performance indicators in the Partnership Business Improvement Plan (BIP).

Due to the timing of this meeting the report shows progress as at the end of May 2009 rather than a full quarter's results.

Included as a separate item on the agenda is the re-scheduling of the Joint Committee Forward Plan so that all future meetings will take place soon after each quarter-end.

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

RECOMMENDATIONS

That the Committee notes the progress on overall performance and comments as appropriate on the report.

DETAILS AND REASONING

The Joint Committee has previously received and approved the formal Partnership Agreement, incorporating a Service Level Agreement which sets out the key outputs required of the Partnership and the individual performance measures against which it will be judged.

The BIP translates these outputs and measures into specific deliverables and targets which need to be achieved during 2009/10.

The Committee will receive regular update reports during the course of the year highlighting the actions taken to deliver the service improvements and performance targets specified in the BIP, culminating in a detailed Annual Report at year-end.

KEY SERVICE DEVELOPMENTS

There are 26 key tasks/projects included in the BIP which represent service developments for 2009/10. Using a traffic light system, progress against these tasks/projects as at the end of May 2009 is shown in the table below.

Detail	Partnership Level	Assurance Services	Financial Services
Projects Green on track	4	13	8
Projects Amber	0	0	0
Projects Red	0	1	0
Total	4	14	8

Partnership Level

Green / Amber Projects

Several meetings have been held with the ICT leads from both councils to identify and resolve the ICT issues affecting the smooth operation of the Partnership. Only a small number of minor residual issues are now outstanding.

All staff within the Partnership have attended corporate inductions at both councils.

We are now working with the Human Resources team to develop and implement the Partnership Workforce Plan. Several workshops are being arranged in June involving the Partnership's Management Team, the main aims of which will be to:

- develop the core values, guiding principles and purpose of the partnership
- agree and obtain ownership of the key service developments and projects to be delivered in 2009/10

A full partnership meeting has been arranged on 9th July when members of the Partnership Management Team will present the outcomes from workshops and encourage all staff to contribute to finalising the proposals.

Further sessions will be arranged to identify the skills and aptitudes which are necessary, particularly at the senior level to drive the partnership forward and to ascertain what needs to be done to bridge any gaps.

Assurance Services

Green / Amber Projects

The designated Internal Audit teams for South Ribble and Chorley are now in situ and have begun to work to the common / merged audit methodology which was established at the end of 2008/9. The early indications are that the staff have settled well into their new working environments.

The Risk Management team have been working on revised approaches for strategic risk management at South Ribble and Chorley and are currently working with the Policy Units at both councils to produce combined performance and risk reports. The Risk Management team have also developed a new Business Continuity Planning template for implementation at South Ribble.

The Head of Shared Assurance has supported both councils to produce their Annual Governance Statements and is assisting South Ribble to establish the new Governance Committee.

Red Projects

The review of the anti-fraud & corruption arrangements at each council to test compliance with the new CIPFA Red Book has been put back from June to September to enable the Risk Manager to attend an external course in June which will facilitate a more effective review. There is no external deadline for this review and as the Audit Commission's Use of Resources assessment acknowledged that the anti-fraud arrangements at each Council are strong, this delay should have no material adverse implications.

Financial Services

Green / Amber Projects

The Shared Financial Services team continues to progress towards providing a common platform for all financial processes. At this stage the primary example is the current Closure of Accounts process that is being undertaken as one project for both Councils. The Closure of Accounts process has also commenced the preparatory work for the International Financial Reporting Standard (IFRS).

The harmonisation of external leasing advice and renewal is near to completion in June 2009, the contract has been received and is being scrutinised prior to approval. The contract price has been harmonised to produce efficiencies however the contractor has produced two sets of documents, one for each council, to clearly set out both councils as Clients.

The review of Treasury Consultancy Services and the Integration of Partnership Mortgage Administration systems and process are due for completion before March 2010.

With regard to the Procurement function, participation in regional developments and work programmes is ongoing and will continue throughout the year. The production and publication of documentation such as Equality Procurement and Pocket Guides has been completed together with information being placed on Intranets. However, it should be noted that this information will be maintained throughout the year to make sure that it is up to date and relevant. In addition the draft Joint Procurement Strategy has also been produced in accordance with deadline set.

Red Projects

There are no Red projects for Shared Financial Services.

PERFORMANCE TARGETS

The BIP contains 44 performance indicators which are all local indicators, many of which are new for 2009/10 and draw on the work of the National Audit Office (Value for Money in Public Sector Corporate Services 2007).

Again using a traffic light system, the progress against these indicators as at the end of May 2009 is shown in the table below.

Detail	Assurance Services	Financial Services
Green on target	0	3
Amber – within 5% of target	0	1
Red – more than 5% off target	0	3
Data not available (*)	11	25
Not measured	0	0
Total	11	32

(*) These performance indicators are measured on a quarterly, half-yearly or annual basis rather than a monthly basis and due to the early scheduling of this first meeting the performance data is not yet available. Indeed in some instances the data collection / reporting procedures are currently being finalised to ensure that the data generated meets the highest data quality standards. With regard to Shared Financial Services, within this category there are 3 targets due to be reported on a monthly basis with effect from May 2009, however, the results will not be known to meet the Committee report submission deadline.

Included as a separate item on the agenda is the re-scheduling of the Joint Committee Forward Plan and all future meetings will take place soon after each quarter-end in order to coincide with the routine performance data collection cycle.

A detailed breakdown of the red targets is shown below:

Assurance Services

There are no red targets for Assurance Services.

Financial Services

Measure	Target	Actual to date
% of supplier payments by electronic means	89.0%	83.89%
Credit Notes as % of total customer invoices raised	6.0%	29.86%
Proportion of outstanding debt that is more than 90 days old from date of invoice (Chorley Council Only)	14.0%	37.55%

- The target set for *percentage of supplier payments by electronic means* represents an improvement in performance to be achieved by the partnership. It should be noted therefore that although the Actual to Date result has not yet reached the final target of 89.0% it still represents a significant improvement in performance and an increase of 4.06% in the last month.
- The Actual to Date result for *Credit Notes as percentage of total customer invoices raised* has been brought about by the number of annual invoices automatically raised in April at the beginning of the financial year. Due to the infrequency of the invoices they require to be updated by means of raising a credit note. This has resulted in a disproportionate number of credit notes being raised in April. Past trends indicate that there will be a reduction in the number of credit notes raised in the following months of the year which will correct this position. However with regard to proactive action to be taken to improve performance against this target Departments will be requested to update the information held on annually produced invoices on a more frequent basis. Also contributing to this situation is the raising of Credit Notes in May to refund VAT due to the reduction in the VAT rate.
- The target set for *Proportion of outstanding debt that is more than 90 days old from date of invoice* (relating to Chorley Council only) has not been reached in April 2009 due to a small number of high value old debt items more than 90 days old. Nevertheless this result represents an improved position from before the launch of Shared Services in December 2008 when the actual was 60%. To proactively improve the current position further, Departments will be assisted in resolving disputes to enable payments to be collected.

BUDGET PERFORMANCE STATEMENT

At the end of each quarter a budget performance statement will be presented showing performance to date against the approved Partnership budget. Any variations will be highlighted together with any proposals for either reducing or increasing spending.

Due the timing of this meeting the following statement is as at 31st May 2009.

Item	Annual Budget £000	Profiled Budget as at 31 st May 2009 £000	Actual Expenditure as at 31 st May 2009 £000	(Under)/Over Spend £000
Employees				
Salaries	1.295	0.216	0.206	(0.010)
National Insurance	0.104	0.017	0.013	(0.004)
Superannuation	0.225	0.038	0.033	(0.005)
Car Leasing	0.027	0.005	0.006	0.001
Employee Related Insurance	0.007	0.000	0.000	0.000
Lancashire CC Audit Budget	0.030	0.000	0.000	0.000
Transport	0.014	0.002	0.002	0.000
Supplies and Services	0.034	0.006	0.002	(0.004)
TOTAL BUDGET	1.736	0.284	0.262	(0.022)

The Partnership Budget is currently under spending by £22k. This has mainly been brought about by vacant posts in the Shared Assurance Service. At this stage it is difficult to assess accurately what the financial position will be in March 2010, however any under spend achieved by the Partnership will be passed onto both Councils by way of a reduced charge for the service provided.

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	The wider implications of the financial performance of the Partnership is the full year impact on both Council's Medium Term Financial Strategies. As per the main body of the report any underspend achieved at year end against the Partnership's budget will be passed on in total to both Councils by means of a reduced recharge.
LEGAL	The partnership has been established with an 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. Schedule 1 to this Agreement sets out the Service Level Agreements which form a key part of the performance management arrangements.
RISK	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. A full risk assessment is set out in the Partnership Business Improvement Plan for 2009/10.
OTHER (see below)	

<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. Partnership Business Improvement Plan 2009/10.