

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Shared Services Joint Committee	21/06/10

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<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Financial & Assurance Shared Services Annual Report 2009-10	N/A	G Barclay & S Guinness	

## SUMMARY AND LINK TO CORPORATE PRIORITIES

This report summarises and explains the content of the attached Annual Report for the Financial and Assurance Shared Services Partnership covering the first complete financial year of its operation.

The Committee has received regular performance reports during the course of 2009/10 highlighting the actions taken to deliver the planned service improvements and performance targets specified in the 2009/10 Business Improvement Plan. This report provides the final out-turn position for members' information.

The Shared Services Partnership is seen as a key project by both Chorley and South Ribble Councils and makes a direct and extensive contribution to the following strategic objectives:

“Ensuring that **Chorley** Council is a consistently top performing organisation”.

“**South Ribble** is an efficient, effective and exceptional council”

## RECOMMENDATIONS

That the Joint Committee notes and comments on the attached report

## DETAILS AND REASONING

The Joint Committee has previously approved the 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 Business Improvement Plan translated these outputs and measures into specific deliverables and targets which needed to be achieved during 2009/10.

The attached report summarises the highlights and achievements last year at Partnership level and individually by Shared Financial Services and Shared Assurance Services.

The report also contains final statements on the implementation status of all the key projects and the performance targets as at the end of March 2010.

## WIDER IMPLICATIONS

<b>FINANCIAL</b>	The attached report provides a summary of the financial out-turn for the Partnership as at the end of the 2009/10 financial year and demonstrates that the Partnership exceeded its financial objectives for the year.		
<b>LEGAL</b>	<p>The Shared Services Joint Committee was established under Section 101 of the Local Government Act 1972 and provides the overall governance for the Shared Services Partnership.</p> <p>The terms of the Partnership are set out in an Administrative Collaborative Agreement which has been signed by both sponsoring Councils. The Collaborative Agreement in turn incorporates 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.</p> <p>The Business Improvement Plan for 2009/10 translated these outputs and measures into specific deliverables and targets which needed to be achieved during the last financial year and this Annual Report provides a summary of the Partnership's achievements in that regard.</p>		
<b>RISK</b>	<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.</p> <p>A dedicated Risk Register was therefore established at the Partnership's inception and this has now been updated to take account of the extensive progress that has now been made to mitigate the inherent risks that were faced. The updated Risk Register is also set out in the Partnership Business Improvement Plan for 2010/11.</p>		
<b>OTHER (see below)</b>			
<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.



# **FINANCIAL & ASSURANCE SHARED SERVICES PARTNERSHIP**

## **ANNUAL REPORT 2009/10**

**June 2010**

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## HIGHLIGHTS & ACHIEVEMENTS IN 2009/10

After 2 years of planning and detailed implementation the Financial & Assurance Shared Services Partnership went live during the first week of January 2009. This came about with the signing of the legal agreement between South Ribble and Chorley which marked a step change in partnership working between the two Councils.

Although 2009/10 was a transitional year there has been a relatively seamless change from independent to joint working. Moreover several significant service improvements (summarised below) have taken place, which is reflected in very positive feedback from the Audit Commission.

A recent staff satisfaction survey also indicates that overall staff are very satisfied with their job. Staff Surveys were undertaken by South Ribble and Chorley containing a selection of common questions that have allowed information to be collected across the whole partnership. Within the responses provided areas were highlighted that need addressing, nevertheless, these correspond with actions formulated from the Management Team workshops shaping the Work Force Development Plan, for example:-

- Leadership skills of managers
- Communications with other Directorates
- Effective teamworking

Following the formation of the Partnership the immediate task was to produce a detailed Business Improvement Plan (BIP) setting out the key projects and performance targets for 2009/10 and this was completed for approval by the Joint Committee in March 2009.

At the AGM in June 2009 the Joint Committee received an “End of Project” report which demonstrated the successful implementation of the partnership. The report concluded that the project objectives had been achieved, costs kept within budget and everything had been delivered within the timescales set.

The report also acknowledged the importance of impetus and support provided by the members from both authorities, the senior officers and in particular the staff employed within the Partnership.

2009/10 became a challenging year as the Partnership aimed to embed combined and new ways of working whilst improving the delivery of its services. A key aspect of this was to agree a core purpose and guiding principles for the Partnership in line with those of each Council and to identify and address any important staff development needs.

The first stage in this process took place on 9<sup>th</sup> July 2009 when all the staff attended a planning workshop where they agreed the purpose and guiding principles and on the way forward to develop skills.

### **The Partnership’s Core Purpose**

***“To provide an exceptional service  
that is valued by our customers  
to make a difference together.”***

### **The Partnership’s Guiding Principles**

*We will work as a **united team** across both councils.*

*We will **focus on the customer** to ensure that we deliver the right services in the right way.*

*We will continuously seek to be **excellent** and **efficient** in everything we do.*

*We will achieve the **highest standards of ethical behaviour** and maintain trust and confidentiality throughout.*

*We will create **learning & development** needs and opportunities for everyone involved.*

The first half of 2009/10 was a successful period during which three separate Statements of Accounts were prepared for the two Councils plus the Joint Committee and each received unqualified external audit opinions.

Officers also contributed extensively to the successful Use of Resources outcomes of both authorities.

In order to take the Partnership forward and further improve the quality of services to its customers, a Workforce Development Plan was presented to the Joint Committee in January for Members' approval and implementation in 2010/11. This is now in progress.

Some of the improvements that South Ribble and Chorley Councils have already experienced from the new shared service include a Joint Procurement Strategy and appointment of single insurance brokers and treasury advisors, both of which have financial savings implications. A further summary of achievement are provided below :-

### **Shared Assurance Services**

The creation of a dedicated Assurance Services Strategy

Supporting the establishment of the new Governance Committee at SRBC

Supporting the Annual Governance Statement reviews for SRBC, CBC and the Joint Committee

The merger of Internal Audit processes & documentation & the retention of the ISO 9001 quality standard

The introduction of more efficient strategic risk management processes for both Councils

The completion of fraud risk management reviews at both Councils and the establishment of a dedicated Fraud Risk Register at SRBC

The appointment of a single insurance broker for both councils, generating financial savings

The introduction of a common insurance administration process across both councils to create resilience

Undertaking new emergency planning responsibilities for both Councils and business continuity planning at CBC

## Shared Financial Services

The Closure of Accounts for both Chorley and South Ribble Councils to a combined Statutory Timetable with Unqualified Audit Opinion.

Providing support and guidance to Budget Holders operating within a very challenging financial climate that has resulted in both Councils achieving minimal drift from spending plans and financial objectives.

Development of a number of systems to assist departments in service improvement and comply with EU Service Directives, for example, Civica ICON system to integrate with corporate Customer Relationship Management (CRM), on-line leisure booking system, and pilot integration with Electronic Licence Management System. The implementation of 3D secure/Address Verification System (AVS) at Chorley provides an extra level of security for CIVICA ICON internet card payments to enhance customer confidence and controls required by banks and the payment card industry. This has also been carried out in preparation for upgrading systems at South Ribble.

The Partnership has also achieved significant improvement in respect of Exchequer Services performance, for example, speeding up payments to suppliers and use of electronic systems to streamline processes.

Spend analysis, benchmarking, procurement exercises, joint working and market research at both authorities has resulted in the introduction of new contracts, use of frameworks and collaborative procurement arrangements providing procurement savings and efficiencies totalling £140,489. This exceeds the target of £100,000 set (£50,000 per authority).

Standard equality documentation was implemented and published at South Ribble ahead of the level 3 assessment. Additionally shared services participated in focus groups at both authorities, contributing to the achievement of Level 3. Assessors for both authorities commented on the high quality of procurement documentation.

A streamlined one page Joint Procurement Strategy has been implemented and promoted across both Councils, cementing our commitment to partnership working, and bringing together the shared procurement challenges, priorities and aspirations at both authorities.

The Sustainable Procurement Policy already implemented at Chorley has been formally implemented and promoted at South Ribble. Evidence of effective sustainable procurement activity, compliant with the policy, has been collected at both councils and published in a sustainable procurement register, effectively demonstrating and promoting the good work in this area and contributing to a culture of sustainable activity.

A programme of skills analysis and procurement training has been delivered to 88 staff plus representatives from some key partners, providing officers and partners with the skills and knowledge to deliver compliant and effective procurement within their own service areas.

Procurement awareness sessions for Members have been delivered at both Councils, highlighting the importance of procurement and providing members with the tools and knowledge for effectively overseeing and scrutinising Procurement and other activities in their respective roles.

## KEY SERVICE DEVELOPMENTS 2009/10

The 2009/10 BIP included 25 key projects which represented planned service developments last year. Using a traffic light system, the year-end out-turn position is summarised in the table below :-

<b>Detail</b>	<b>Partnership Level</b>	<b>Assurance Services</b>	<b>Financial Services</b>
Projects Green - achieved on time	2	11	7
Projects Red - not achieved on time	2	2	1
<b>Total</b>	<b>4</b>	<b>13</b>	<b>8</b>

The following paragraphs provide short commentaries on the red projects and accompanying explanations.

### **PARTNERSHIP LEVEL RED PROJECTS**

#### *Workforce Development Plan*

Whilst the Plan has been developed and approved by members, implementation has taken longer than expected and this has been rolled forward into 2010/11 including dedicated development sessions for shared services managers. A Professional Training Policy for all staff also still needs to be arranged.

#### *Communications Strategy*

The majority of the actions contained in the original Strategy have now been implemented but there are some residual actions with regard to developing communication skills that have been carried forward for inclusion in the Workforce Development Plan for implementation in 2010/11.

### **ASSURANCE SERVICES RED PROJECTS**

#### *Member & Officer RM Training & Awareness programmes*

This will be now undertaken as part of a wider project in 2010/11 to update all key governance policies & procedures and to roll out member & officer awareness programmes at both host authorities.

#### *Business Continuity Plans (BCP's)*

Work on updating BCP's was put on hold pending actual / impending structural changes at both Councils. This project has therefore slipped but is now being addressed as a priority item and was been carried forward to the 2010/11 BIP to be completed during the first quarter.



## FINANCIAL SERVICES RED PROJECTS

The status of the project to implement a common Financial Management Information System (FMIS) for both authorities is currently classed as RED. It should be noted that this is a major project in terms of having the potential to improve the efficiency and effectiveness of many important processes and systems involved in financial management. Therefore, to maximise benefits it is critical that decisions with regard to the best way forward are meticulously considered. It should also be noted that this approach to delivering financial systems is ahead of current practices within this environment and there is no 'off the peg' model to follow. The following paragraph seeks to present a brief overview of the project's current status.

The Partnership FMIS project approval gained from Cabinet on 31<sup>st</sup> March 2010 and Council on 14<sup>th</sup> April 2010. The FMIS Project Board met on 30<sup>th</sup> April 2010 to approve project governance arrangements and documentation. The Communication Plan is being implemented and commenced with a presentation to South Ribble's Senior Management Team on 18<sup>th</sup> May 2010. In addition, the FMIS project has established formal links with the C-SMART review of Procure-to-Pay processes at South Ribble to make sure that the two projects are connected. As part of managing risk members of the Project Board have raised concerns about the hosting of the system on the existing hardware outlining the advantages of utilising a virtualised environment which is currently in use at South Ribble. This would be a change to the original proposed solution for the project and would result in additional work to transfer the existing system from Chorley to South Ribble. To ensure that all aspects of the implementation are given due attention an additional appraisal is now taking place to investigate all options to address the concerns about current hardware capacity and resilience.

## KEY PERFORMANCE TARGETS 2009/10

The 2009/10 BIP contained 38 performance indicators which were derived from the work of the National Audit Office (Value for Money in Public Sector Corporate Services 2007).

Again using a traffic light system, the year-end out-turn position is summarised in the table below:-

Detail	Assurance Services (a)	Financial Services
Green on target	7	20
Amber – within 5% of target	1	0
Red – more than 5% off target	5	8
Not measured (b)	1	3
<b>Total</b>	<b>14</b>	<b>31</b>

(a) The Internal Audit elements of the Assurance Services figures are an aggregate of the separate performance indicators supplied to each Council's Audit / Governance Committees.

(b) Please note that 3 indicators initially contained within the Business Improvement Plan for the Procurement Section within Shared Financial Services have not been measured as the input required to extract the required information exceeds the value of the data output.

A detailed breakdown of the red and amber targets is shown below:-

#### ASSURANCE SERVICES TARGETS

Measure	Target to date	Actual to date
% of Audit Time Utilised	100%	86%
% of Planned Time Used	90%	82%
% Audit Plan Completed	92%	85%
% Agreed Management Actions Implemented	100% Priority1 80% Priority2	85% Priority1 77% Priority2
Of the agreed management actions implemented – the % implemented on time	100% Priority1	92% Priority1
% overall customer satisfaction rating for audit assignments	96%	91%

% of Audit Time Utilised and % Planned Time Used – The target was not fully met due to a number of audits which the Audit & Governance Committees agreed to defer to 2010/11.

% of Audit Plan Completed – Several audits were at draft report stage and on the verge of being issued as at the end of March.

% Agreed Management Actions Implemented & Implemented on Time – A relatively small number of outstanding actions were given revised implementation dates to the end of April 2010.

% Overall customer satisfaction rating for audit assignments – only slightly below target and no significant issues raised.

#### FINANCIAL SERVICES TARGETS

Measure	Target	Actual to date
Customer Satisfaction Survey	80%	Work in Progress
Number of Management Practices adopted	5	4
Financial reports to be distributed within 10 working days	100%	90.00%
% of Financial Management Information System (FMIS) availability	99%	96.23%
Credit notes as % of total customer invoices raised	6%	16.84%
Proportion of outstanding debt that is more than 90 days old from date of invoice	14%	60.40%
Sustainable Procurement – attain Level 2 of National Framework	Level 2	Not achieved
Number of Top 10 suppliers who have formal agreements	100%	90.00%

## **Red Targets**

The Customer Survey for all services within the Partnership was distributed at the beginning of June 2010 to customers for completion. The results of which will be reported to the next Joint Committee.

The number of Management Practices achieved is linked to the completion of other performance indicators in the Partnership, for example, *Customer Surveys are conducted at least annually with results openly published and acted upon*. Once the current Customer Survey has been completed the target of 5 will have been achieved. In addition the implementation and development of the common Financial Management Information System (FMIS) across both Councils will enable the service to further embed the Management Practices achieved to date, for example, streamlining financial processes such as invoice scanning/imaging.

The dispatch of monthly financial management reports to Budget Holders was delayed on just a few occasions during the year mainly due to Financial Management Information System downtime referred to below.

The total combined financial systems availability is reported as 96.23%. This was mainly attributable to the downtime caused by a virus attack at Chorley in February 2010. With regard to the downtime under the direct control of the Shared Financial Services Systems Development Team this accounted for just 0.15% of time that financial systems were unavailable to users, that is, availability rate at 99.85%. Corrective action has now been taken in respect of any further virus attacks and the Team continue to work with ICT departments to ensure that downtime is minimised. It is therefore expected that the target will be met in 2010/11.

The Credit Notes Indicator (Chorley only) is off target due to Chorley Market Traders being given credit notes to cover periods of bad weather when market days were cancelled. Credit notes have also been issued as a result of enforcement debt recovery action where market leases have been terminated in the year and the original invoice covered a full year charge. In addition, quinquennial Ground Rent invoices have been raised, however, some invoice recipients have moved within this period. Exchequer staff are now meeting with key users and budget holders on a regular basis to provide training and support to improve billing methods ensuring credit notes are minimised. Actions to improve the indicator below are also being addressed in this way.

The Outstanding Debt Indicator (Chorley only) is mainly due to three larger invoices that had been disputed. Queries raised by debtors have been answered and payments were made in full at the beginning of April 2010 contributing to a significantly improved current rate of 11.06%. Payment status is being monitored closely and revised procedures have been introduced to strengthen the process by which disputed debtor invoices are managed.

Level 2 of the National Action Plan Framework for Sustainable Procurement was not been achieved by December 2009. This was due to the reduced resources available within the section as no suitable candidate was appointed to the vacant post during the recruitment process in 2009/10. The post has now been filled on a temporary basis and the project is being progressed as a priority. A Sustainable Procurement policy has been adopted at both Councils and awareness has been raised at the Procurement Training delivered to all staff involved in the Procurement Process. It was noted at a recent Lancashire Procurement Hub meeting that many Lancashire Authorities have yet to fully address this framework and the Hub are now considering how they can support this work.

During the year 9 out of the top 10 suppliers had formal agreements compared to the target of 10 at both South Ribble and Chorley. The provider not subject to formal partnership agreement at South Ribble is a fuel supplier who consistently wins orders under a spot buying system where competition is tested as required for this rapidly fluctuating market. The supplier not covered at Chorley is for insulation works, a LHC framework supplier is used but a formal contract has not been signed. Insulation works at CCBC are subject of a new tender which will address this.

## FINANCIAL OUT-TURN 2009/10

At each Joint Committee meeting during 2009/10 up-to-date budget performance statements were reported showing actual performance against the approved original 2009/10 budget. The following statement sets out the final out-turn position as at 31<sup>st</sup> March 2010 with the 2009/10 Statement of Accounts for the partnership presented in Appendix A.

Cost Category	Original Annual Budget £000	Projected Out-turn as at 31 <sup>st</sup> March 2010 £000	(Under)/Over Spend £000
Salary Costs	1,624	1,523	(101)
Other Staff Costs	34	34	-
Lancashire CC Audit Budget	30	43	13
Transport	14	15	1
Supplies and Services	32	61	29
<b>TOTAL</b>	<b>1,734</b>	<b>1,676</b>	<b>(58)</b>

### *Significant Variations*

The above presents the 2009/10 actual out-turn position compared to the original budget approved by the Joint Committee in order to demonstrate the total movement from the original financial plan during the year. As previously reported the variation in salary costs is primarily due to a number of posts which were not filled during the setting up stage of the Partnership and as such are temporary in nature. The largest element of this is in Internal Audit and the Joint Committee has agreed that this resource can be redirected to purchase additional audit days from Lancashire County Council. In addition, the actual pay award agreed was also less than originally estimated. The variations over £3k within the Supplies and Services budget heads are as follows:-

	<b>£000</b>
External Audit Fees	20.0
Cost of providing computer link via LCC network	8.3
Procurement training for members and staff funded from vacant procurement post	4.3
Consultancy fees for Final Accounts Project Management	4.7
Net other minor budget variations	(8.3)
<b>Total budget variation for supplies and services</b>	<b>29.0</b>

External Audit Fees - Cost of external audit to be invoiced for payment in respect of 2008/09 (£11.9k) and 2009/0 (£7.5k) in March 2010. The amount of time taken to establish the external audit requirements for the Partnership with the Audit Commission resulted in two years fees being invoiced in 2009/10.

Consultancy Fees - Additional resources were allocated to the externally audited Final Accounts process to assist in this key project for the partnership in its first six months of existence. This project was a major piece of work to be undertaken in conjunction with staff learning new roles, responsibilities and systems and embedding new processes.

## APPENDIX 1 – KEY SERVICE DEVELOPMENTS 2009/10

Project / Task	Lead Officer	Start / Finish Dates	SMART Targets / Actions & Milestones	RED AMBER GREEN	Final Out-Turn
<b>Partnership Level</b>					
Corporate Inductions	SG & GB	May 09	None applicable	GREEN	Completed
Further development and integration of the Partnership Workforce Plan	SG & GB	Develop– June 09 Conclude – Mar 10	<ul style="list-style-type: none"> <li>• Development of Plan including Training Needs Assessment - June 2009</li> <li>• Implement Year One Actions - March 2010</li> </ul>	RED	Whilst the Plan has been developed and approved, implementation has taken longer than expected and this has been rolled forward into 2010/11 including dedicated development sessions for shared services managers. A Professional Training Policy for all staff also still needed to be arranged.
Further development and integration of the Partnership Communications Strategy	SG & GB	Develop– June 09 Conclude – Mar 10	<ul style="list-style-type: none"> <li>• Members</li> <li>• SMT's</li> <li>• Partnership MT</li> <li>• Partnership Staff</li> <li>• Publicity</li> </ul>	RED	There are some residual actions with regard to developing communication skills which have been carried forward for inclusion in the Workforce Development Plan for implementation in 2010/11.
Development of an Exit Management Plan	SG & GB	By December 09	None applicable	GREEN	Drafted
<b>Internal Audit</b>					
Revision of Quality System & re-branding of reports & standard documentation	CW	June 09	As above	GREEN	Completed
Retention of ISO 9001 standard	CW	January 2010 assessment	Update to incorporate merged audit processes	GREEN	Completed
Review of effectiveness of risk management frameworks (SRBC & CBC)	CW	March 10	Strategic / Procurement / Projects / Partnerships Committee reports / Delegated decisions	GREEN	Completed
Review & re-organise electronic & manual filing systems	CW	June 09	Fully integrated archive & current storage	GREEN	Completed

Project / Task	Lead Officer	Start / Finish Dates	SMART Targets / Actions & Milestones	RED AMBER GREEN	Final Out-Turn
<b>Risk Management</b>					
Integration of strategic risk recording & reporting with performance management (SRBC & CBC)	AA	June 09	Papers to each Audit Committee (via SMTs) for approval	GREEN	Reporting systems now established for implementation. Separate reporting at CBC
Member & Officer RM Training & Awareness programmes (SRBC & CBC)	AA	March 10	Develop – June 09 Conclude – March 10	RED	This will be undertaken as part of a wider project in 2010/11 to update key governance policies & procedures and to roll out member & officer awareness programmes at both host authorities.
Review of compliance with the new CIPFA “Red Book” in relation to anti- fraud & corruption (SRBC & CBC)	AA	June 09	Production of reports for each Council with gap analyses and action plans	GREEN	Completed. Reports to April Governance Committee & March Audit Committee.
Establishment of an Anti-Fraud & Corruption Risk Register at SRBC	AA	Sept 09	Completion of Register & Action Plan	GREEN	Completed and results included in Red Book reports to Governance & Audit Committees.
Baseline review of BCP arrangements at SRBC	AA	June 09	Production of an action plan to address any issues identified	GREEN	Completed.
Establishment of half-yearly & annual BCP reporting process at SRBC	AA	Sept 09	A standard template to show elements of the BCP tested & training undertaken	RED	Work on updating BCP’s was put on hold pending actual / impending structural changes at both Councils. This project has therefore slipped but will be addressed during the first quarter of 2010/11.
Review insurance broker arrangements across the Partnership	AA	June 09	Establishment of a single provider	GREEN	Single broker now appointed
Convergence of insurance administration processes	AA	Sept 09	A common approach & procedures manual in situ	GREEN	Completed.
Preparatory work for future insurance procurement activity	AA	March 10	Prepare a timetable and plan to enable joint procurement to be undertaken	GREEN	Single joint broker now appointed, also generating some financial savings. Now looking at options for conjoining the termination dates for each Council’s Long Term Insurance Agreements to generate procurement savings.

Project / Task	Lead Officer	Start / Finish Dates	SMART Targets / Actions & Milestones	RED AMBER GREEN	Final Out-Turn
<b>Financial Services As A Whole</b>					
Provide a common partnership platform for all financial processes. (Final Accounts, Budget Monitoring Financial Management Information System and feeder systems)	LH	Ongoing task throughout the year as part of continuous improvement	<ul style="list-style-type: none"> <li>Business Case</li> <li>Implementation</li> <li>Operational</li> </ul>	RED	The provision of a common partnership platform for the delivery of financial services is mainly driven by the implementation of the FMIS as set out in the report above. Delays have been experienced in implementing the project due to the investment in establishing the best way forward with regard to ensuring that the system implemented is compatible with, and allows for, future development and expansion of shared services.
<b>Accountancy Services</b>					
Prepare for the International Financial Reporting Standard (IFRS)	GW	April 2009 to Sept 2009	<ul style="list-style-type: none"> <li>Comparator data required for 2009/10</li> </ul>	GREEN	Work is in progress to compile comparator data, undertake asset valuations and complete other preparatory work, the 2010/11 roll-out timescale remains on course.
Review the Treasury Consultancy Services at Chorley	GW	April 2009 to March 2010	<ul style="list-style-type: none"> <li>Review of current arrangements and development of contract specification</li> </ul>	GREEN	Completed. Contract awarded to Sector for the period 1 <sup>st</sup> April 2010 to 31 <sup>st</sup> March 2013.  Joint Procurement realised total savings of £11,050 against the 2009/10 budget provision.
Harmonisation of external leasing advice & renewals across the partnership	GW	June 2009	<ul style="list-style-type: none"> <li>Agreement on Contract Specification</li> </ul>	GREEN	Completed. Joint procurement has resulted in a saving of £1,000.
<b>System Development &amp; Exchequer Services</b>					
Integrate the Partnership Mortgage Administration systems and processes	LH	Jan 2010 to Mar 2010	<ul style="list-style-type: none"> <li>Review of current arrangements and development of contract or systems specification</li> </ul>	GREEN	Due to the small number of mortgages in existence i.e. 3 at South Ribble and 7 at Chorley and the relatively short period of time left until all are repaid, it is no longer considered to be beneficial to integrate the two processes. In addition, the in-house Cygnus software system at Chorley is very old and therefore unlikely to be able to cope with the multi-company requirements.

Project / Task	Lead Officer	Start / Finish Dates	SMART Targets / Actions & Milestones	RED AMBER GREEN	Final Out-Turn
<b>Procurement Services</b>					
Participate in regional developments and work programmes	JH	April 2009 to March 2010	<ul style="list-style-type: none"> <li>RIEP</li> <li>Lancashire Hub</li> </ul>	GREEN	<p>Completed.</p> <p>Procurement Section staff continue to attend the Performance Management and e-Procurement Groups and have taken advantage of a number of free training events. We have also taken advantage of collaborative procurements through the hub where beneficial including antivirus software, cash collection and PAT testing. Additionally we have been working with the hub on the regional e-procurement portal "The Chest" and are planning to implement this at Chorley and South Ribble during 2010.</p>
Produce and publish <ul style="list-style-type: none"> <li>Equality Procurement Documentation</li> <li>Pocket Guides</li> <li>Intranet Information</li> </ul>	JH	May 2009	<ul style="list-style-type: none"> <li>Production and publication of documents</li> </ul>	GREEN	<p>Completed</p> <p>All documentation produced and published on the respective Councils' intranet. Awareness raised at Procurement training sessions held across both authorities.</p>
Produce draft Joint Procurement Strategy	JH	Draft by April 2009	<ul style="list-style-type: none"> <li>Draft Strategy to Chief Finance Officers</li> <li>Submit for Approval</li> </ul>	GREEN	<p>Completed.</p> <p>Draft Strategy produced. Reports submitted to Scrutiny and Cabinet at South Ribble and Executive Cabinet at Chorley. Approved, and now in place at both Authorities. Awareness raised at separate staff and Member training sessions at both authorities. Significant progress has been made on many of the key targets included in the strategy end this will be formally reported at both authorities via the above mentioned channels in a year end performance monitoring report.</p>



## APPENDIX 2 – PERFORMANCE TARGETS 2009/10

Key Measures	Lead Officer	Target 2008/9	Actual 2008/9	Target 2009/10	Target to date 2009/10	Actual to date 2009/10	Red Amber Green	Comments
<b>Assurance As A Whole</b>								
Customer Satisfaction Survey	GB	None available	None available	80%	80%	In Progress	In Progress	In Progress
Assurance Services Staff Satisfaction	GB	None available	None available	90%	90%	Achieved	GREEN	Positive results emanating from the survey
Use of Resources Score (UoR) (relevant KLOE)	GB	None available	New regime for UoR 2009	Level 3	Level 3	Achieved	GREEN	Achieved
<b>Internal Audit</b>								
% of Audit Time Utilised	CW	None available	100%	100%	100%	86%	RED	The Audit days planned for LCC were not fully utilised following agreement by the Audit & Governance Committees to defer several audits to 2010/11
% of Planned Time Used	CW	None available	88%	90%	90%	82%	RED	Slightly below target due to the deferred audits referred to above
% Audit Plan Completed	CW	None available	92%	92%	92%	85%	RED	Figure misleading – all planned audits completed but several reports on verge of being issued as at the end of March.
Percentage of Management Actions Agreed	CW	None available	97%	97%	97%	99%	GREEN	Target exceeded.

% of Agreed Management Actions Implemented	CW	None available	100% Priority 1 Actions 80% Priority 2 Actions	100% Priority 1 Actions 80% Priority 2 Actions	100% Priority 1 Actions 80% Priority 2 Actions	Priority 1 85% Priority 2 77%	RED AMBER	Some slippage on a relatively small number of actions. Revised dates set and now implemented Slightly under target
Of the Agreed Management Actions Implemented - % Implemented On Time	CW	None available	100% Priority 1 Actions 80% Priority 2 Actions	100% Priority 1 Actions 80% Priority 2 Actions	100% Priority 1 Actions 80% Priority 2 Actions	Priority 1 92% Priority 2 94%	RED GREEN	Some slippage on a relatively small number of actions. Revised dates set and now implemented Target exceeded
% overall customer satisfaction score (assignment level)	CW	None available	None available	None available	96%	91%	AMBER	Slightly below target. No significant issues arising
% of professional qualified audit staff as a % of total audit staff (FTEs)	CW	None available	None available	The new shared structure requires 15% of FTE to be qualified.	15%	45%	GREEN	Target exceeded
<b>Risk Management</b>								
Average customer satisfaction score per insurance claim (max 5.0)	AA	None available	4.5	4.6	4.6	4.6	GREEN	Achieved

Finance As A Whole								
Customer Satisfaction Survey including Accountancy, Systems Development, Exchequer Services and Procurement.	SG	Pre-Partnership	Pre-Partnership	80%	80%	In Progress	RED	Customer survey sent out at the beginning of June 2010.
Financial Services Staff Satisfaction	SG	Pre-Partnership	Pre-Partnership	90%	90%	97%	GREEN	Very positive results received from the staff survey.
Use of Resources KLOES 1.1; 1.2; 1.3	SG	New regime implemented by Audit Commission for 2009/10	New regime implemented by Audit Commission for 2009/10	Level3	Level 3	Achieved	GREEN	Achieved.
% of professional qualified finance staff (FTEs) as a % of total finance staff (FTEs) (VFM Secondary 1)	SG	Not available, pre-Partnership	Not available, pre-Partnership	The new shared financial structure requires 15% of FTE to be professionally qualified.	15%	25%	GREEN	Achieved.
Number of Management Practices that have been adopted (see Public Audit Forum website)	SG	Not available, pre-Partnership	Not available, pre-Partnership	5	5	4	RED	The achievement of Management Practices is aided by other Partnership projects e.g. Workforce Development Plan and Customer Satisfaction Survey.
Accountancy								
Over / under spend within 1% of manageable/cash revenue budget	SG	Pre-partnership	Pre-partnership	<1.0%	<1.0%	CBC = (0.6%) SRBC = (0.03%)	GREEN	Achieved.
% variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3)	SG	Pre-partnership	Pre-partnership	30.0%	30.0%	CBC = 4.4%	GREEN	Achieved.

10 working days from period-end closure to the distribution of financial reports (VFM Primary 2)	SG	Pre-partnership	Pre-partnership	100%	100%	90%	RED	Target not met due to two months Budget Monitoring Reports not being dispatched within the 10 day target period.
Total cost of the finance function as a % of organisational running costs	SG	Pre-partnership	Pre-partnership	16%	16%	3.18%	GREEN	Achieved.
Year end statutory accounts to contain no material errors and have an unqualified audit opinion.	SG	Pre-partnership	Pre-partnership	0	0	0	GREEN	Achieved.
Achievement of Prudential Indicators.	SG	None available	None available	100% compliance with prudential indicators	100% compliance with prudential indicators	100% compliance with prudential indicators achieved	GREEN	Achieved.
Achievement of industry investment benchmarks	SG	None available	None available	London Inter Bank offered rate (LIBOR)	0.42%	SRBC 2.45% CBC 0.57%	GREEN	Achieved.
<b>Systems Development &amp; Exchequer Services</b>								
Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10)	LH	97.5%	96.24%	97.5%	97.5%	97.0%	GREEN	Achieved.
% of supplier payments by electronic means (VFM Secondary 7)	LH	89.0%	74.6%	89.0%	89.0%	90.79%	GREEN	Achieved.
% of remittances to suppliers by electronic means	LH	83.0%	70.0%	83.0%	83.0%	87.84%	GREEN	Achieved.
% of Financial Systems availability	LH	99%	Not available	99%	99%	96.23%	RED	Target not achieved due to downtime caused by ICT virus attack at a organisation network level. Corrective action has been taken and is being successfully managed.
% of debtor income received (before bailiff referral) CBC ONLY	LH	75%	74.01%	75%	75%	98.68%	GREEN	Achieved.

Number of debtor days (VFM Secondary 4) (measured at year end only) CBC ONLY	LH	90 days	121.79	90	90	76.5	GREEN	Achieved.
Credit notes as a % of total customer invoices raised (VFM Secondary 5) CBC ONLY	LH	6%	6.24%	6%	6%	16.84%	RED	Increase in the number of credit notes raised due to: weather conditions affecting market traders; change of addresses for quinquennial Ground Rents invoices; and debt recovery action taken against market traders in arrears, this has resulted in the termination of market leases part way through the year that have already been invoiced in full at the beginning of the year.
Proportion of outstanding debt that is more than 90 days old from date of invoice (VFM Secondary 8)	LH	14.0%	14.9%	14.0%	14.0%	60.40%	RED	Significant deviation is mainly attributable to disputed invoices. Action has been taken and issues relating to the three highest invoices, which contribute largely to this indicator, have now been resolved. Payment was received for these three invoices in April. This indicator is currently 11.06% in May 2010.
Cost of customer invoicing function (debtors) per customer invoice processed	LH	Pre-partnership	Pre-partnership	£25.00	£25.00	£7.47	GREEN	Achieved.
Payroll admin cost per employee (VFM Secondary 11)	LH	£60.00	£60.00	£60.00	£60.00	£55.82	GREEN	Achieved.

Procurement Services								
Professionally qualified procurement employees (FTEs) as a % of total procurement employees (VFM Secondary 1)	JH	Pre-partnership	Pre-partnership	33%	33%	67%	GREEN	Achieved.
Sustainable Procurement – Attain level 2 of the National Action Plan Framework by 2009 (Level 5 by 2011)	JH	Pre-partnership	Pre-partnership	Level 2 by December 2009	Level 2 by December 2009	Not achieved	RED	Full achievement of this comprehensive framework has not been achieved due to the resourcing difficulties experienced within the section. However significant progress has been made in some areas of the Framework, with implementation of the Sustainable Procurement Policy, training of key staff, consultation of key suppliers and evidencing of effective sustainable procurement activity via implementation of a sustainable procurement register.
Cost of Procurement function as % of non-pay expenditure	JH	Pre-partnership	Pre-partnership	1.46%	1.46%	0.42%	GREEN	Achieved.
Number of Council's Top 10 suppliers (by spend value) who have formal partnership/framework agreements with the authorities	JH	Pre-partnership	Pre-partnership	100%	100%	90%	RED	Achieved 9 out of 10 at each authority. The provider not subject to formal partnership agreement at SRBC is a fuel supplier who consistently wins orders under a spot buying system where competition is tested as required for this rapidly fluctuating market. The supplier not covered at CBC is for insulation works where an LHC framework supplier is used but a not formal contract has not been signed. Insulation works at CCBC are subject of a new tender which will address this.

LIB/P22 Average invoice value	JH	Pre-partnership	Pre-partnership	Not available	Not available	SRBC £1,253 CBC £1,630	GREEN	Benchmark figures now available to monitor performance in 2010/11.
LIB/P24 Average Spend per Supplier	JH	Pre-partnership	Pre-partnership	Not available	Not available	SRBC £9,306 CBC £12,214	GREEN	Benchmark figures now available to monitor performance in 2010/11.
LIB/P9 % of corporate spend placed with Small to Medium Enterprises (SMEs)	JH							Please note that this target has not been measured in 2009/10 due to the input required to calculate the measure being disproportionate to the value of the data output.
LIB/P5 % of corporate spend aggregated through collaboration with other public sector authorities	JH							Please note that this target has not been measured in 2009/10 as above.
LIB/P10 % of corporate spend including grants placed with third sector i.e. suppliers in the voluntary, community and social enterprise sector	JH							Please note that this target has not been measured in 2009/10 as above.