

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Shared Services Joint Committee	21 June 2010

Report template revised June 2008



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Performance Report	Deputy Leader	Garry Barclay Susan Guinness	

## **SUMMARY AND LINK TO CORPORATE PRIORITIES**

This report provides members with an update on the Financial Management Information System (FMIS) project plus summary information on the other key projects in the 2010/11 Business Improvement Plan (BIP) and on other general developments which are currently impacting upon the work of the Financial and Assurance Shared Services Partnership.

The Shared Services Partnership is a high corporate priority for both Chorley and South Ribble Councils.

## **RECOMMENDATIONS**

That the Committee notes and comments as appropriate on the report

## **DETAILS AND REASONING**

During the course of the financial year members will be provided with performance reports which provide a detailed analysis of the progress made against the key project and key performance indicators in the 2010/11 Business Improvement Plan (BIP).

At this early stage in the current financial year the only data available in respect of key performance indicators is at the end of April. As no trends can be identified from one month's data KPIs have not been included in this report.

Similarly in terms of the key projects, the majority of these have only just begun or are yet to commence.

It was therefore deemed inappropriate to provide members with a Performance Report adopting the normal template and content on this occasion.

However at the last meeting we agreed to provide members with an update on the Financial Management Information System (FMIS) project and so have taken this opportunity to do this and at the same time provide members with whatever information we can on the other key projects or general developments which are currently impacting upon the work of the Shared Services. These are contained in the remainder of the report.

## **SHARED FINANCIAL SERVICES PROJECTS**

<b>Status</b>	<b>Financial Services</b>
Projects Green	11
Project Amber	2
Projects Red	3
<b>Total</b>	<b>16</b>

## **RED PROJECTS**

### **Financial Management Information System (FMIS)**

In 2009/10 the project gained formal approval from South Ribble's Cabinet and in 2010/11 South Ribble's Council. Project documentation has been prepared; such as Project Initiation Document, Project Plan, Communications Plan and the Project Board met formally for the first time on 30<sup>th</sup> April 2010. The items discussed were: the project documentation; the presentation to SMT scheduled for the 18<sup>th</sup> May which provided an overview of the project; an update on contract negotiations; arrangements for interfacing with the C-SMART Procure-to-Pay review and the first highlight report for the project outlining individual tasks completed to date. Also, the work required to allow the web-based modules of Chorley's financial system to be accessible at South Ribble has been completed and the system is now being used on a daily basis by a Partnership officer.

Within the overall project budget an amount has been set aside for Partnership ICT Network Infrastructure. The reason for this is that alongside the financial systems project we are looking at the longer term ICT infrastructure required to support efficient and effective collaborative working through shared use of computer hardware and software. A way forward has been identified and costs and timescales are being quantified and discussions are scheduled with Lancashire County Council to investigate increasing the capacity of the data link between to the two sites. It has been agreed that this work would continue in parallel with the financial systems project but that the financial system must be able to 'fit into' whatever solution is identified and therefore both projects will feed into each other on a regular basis to ensure this is possible.

The Partnership has identified a potential risk in the age of the hardware currently in use and a number of possible options for mitigating this risk have been suggested e.g. upgrade the hardware, virtualise on South Ribble's virtualised server environment or on Chorley's virtualised server environment. All these options add complexity and work to the project and this change would push the go live date into the critical budget setting period, with this years round expected to be a particularly challenging time. Therefore the Project Board proposed a new go-live date of 1<sup>st</sup> April 2011. This would not only allow time to deal with the hardware risk outlined above but also the outcomes of the Partnership ICT Network Infrastructure project. Additionally, as it is a year end implementation, it provides other opportunities in terms of cleaner cut-off points, fewer data conversion requirements and less impact on accountants as they can continue to close down the accounts on the old system. A piece of work to quantify the amount of work and the costs associated with virtualisation is now underway. This will inform a decision on the most suitable place to virtualise which in turn will feed into a rescheduling of the project and an updated project plan.

### **Review the option to apply VAT to land & property transactions**

This project was due to be completed in April, however, completion has slipped to later in the year.

### **Review resource allocation to provide Single Point of Contact for budget management**

This project was due to be completed in May, however, completion the date has slipped to July 2010 due to staff providing cover for sickness absence and the demand for additional work in respect of the closure of accounts process that has been achieved two weeks earlier than last year at South Ribble.

## **AMBER PROJECTS**

### **Seek Tenders for Chorley Banking Services**

This project has been marked as Amber due to the timelines involved in pursuing a full tender exercise. An Initial option appraisal exercise is now underway to bring the project back on target.

### **Achievement of Level 3 of the Framework for Sustainable Procurement**

Progress on this project from 2009/10 had been delayed due to a vacant post within the Procurement Section. This post has now been filled and progress has resumed to get the project back on track.

## **GREEN PROJECTS**

Out of the remaining 11 green projects *Development and Implementation of Selling to Council Guide at each Authority* is now completed 7 months ahead of schedule.

## **SHARED ASSURANCE SERVICES PROJECTS**

### **Risk Management - Potential Collaboration with Zurich Municipal (ZM)**

We recently met with risk management specialists from ZM who currently provide insurance covers for both host authorities do discuss a potential collaborative arrangement on risk management.

ZM are looking to change the way they operate by providing a more “up front” added value risk management consultancy service rather than their current insurance based focus and are seeking to work with several authorities to pilot their approach. Chorley and South Ribble are amongst a relatively small number of the clients invited to take part.

They see only mutually beneficial outcomes from the change of approach which could include lower insurance claims due to improved risk mitigation.

The pilot is offered free of charge and is based upon carrying out a strategic risk diagnostic at each council to identify the key risks each faces with a view to putting forward mitigation solutions which they may have applied elsewhere.

The timing is particularly helpful in that the respective annual processes at each Council to consider the “big issues” are just starting and the feeling is that obtaining external specialist input can only be beneficial.

The approach that ZM are developing is based on interviews key officers using a diagnostic tool then providing a report showing the top 3 or 4 risks that they think they can help each Council most with and the remainder are managed by each Council as at present. Ideally we would encourage ZM to look for the common strategic issues which both Councils face and working up joint mitigation solutions.

We will inform members of the progress made on this collaborative arrangement in due course.

### **Emergency Planning**

Shared Assurance Services became responsible for emergency planning at both Councils during 2009/10 and this culminated in South Ribble’s Emergency Planning Officer joining the team in April.

We are now looking at ways of merging the hitherto separate systems and processes and creating more efficient ways of working.

As a step towards this we have begun to arrange a full test of both Chorley and South Ribble’s emergency plans by arranging a joint exercise involving both Councils perhaps by staging a simulated event in a border area which impacts on both geographical footprints.

We will update members of the outcome of this exercise in due course.

## **GENERAL DEVELOPMENTS**

### **Comprehensive Area Assessment (CAA)**

Members may be aware that the new coalition government has suspended all work on CAA including the Use of Resources (UoR) assessment with immediate effect. This not only impacts upon the work of the external inspectorates including the Audit Commission but clearly also impacts upon the Councils themselves, in particular areas such as policy, finance and assurance which support the process quite extensively.

Indeed the way that services are currently provided in these areas has been shaped by the requirements of the external inspection process.

It is not yet clear what, if any replacement regime will be introduced or indeed what effect this will have on the shared services partnership but we felt that it was important to brief members of these developments at this stage and assess the situation as more information becomes available.

## 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 below shows any implications in respect of each of these.

<b>FINANCIAL</b>	There are no financial implications for the Shared Financial and Assurance Services budget contained within this report.		
<b>LEGAL</b>	<p>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.</p> <p>Schedule 1 to this Agreement sets out the Service Level Agreements which form a key part of the performance management arrangements.</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. 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>A full risk assessment is 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

Partnership Business Improvement Plan 2010/11.