

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Shared Services Joint Committee	18 June 2012

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<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Financial & Assurance Shared Services Annual Report 2011-12	N/A	G Barclay & S Guinness	

## SUMMARY AND LINK TO CORPORATE PRIORITIES

This report summarises the content of the attached Annual Report for the Financial and Assurance Shared Services Partnership which covers the third complete financial year of its operation.

The Committee has received regular performance reports during the course of 2011/12 highlighting the actions taken to deliver the planned service improvements and performance targets specified in the 2011/12 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 note and comment 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 2011/12.

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 of all the key projects and performance targets as at the end of March 2012. Members will note that we have been successful in achieving the vast majority of our planned service developments and performance targets for 2011/12.

## 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 2011/12 financial year and demonstrates that the Partnership met 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 2011/12 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>	A dedicated Risk Register was established at the Partnership's inception and this has been updated to take account of the extensive progress that has now been made to mitigate the inherent risks that were faced at the outset, and to take account of any emerging risks now facing the Partnership. The updated Risk Register is set out in the Partnership Business Improvement Plan for 2012/13.
<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 2011/12.
2. Partnership Business Improvement Plan 2012/13.



# **FINANCIAL & ASSURANCE SHARED SERVICES PARTNERSHIP**

## **ANNUAL REPORT 2011/12**

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## HIGHLIGHTS & ACHIEVEMENTS

2011/12 represented a challenging year as the Partnership continued to embed combined and new ways of working whilst seeking to improve the delivery of its services.

The first half of the year was again a particularly successful period during which three separate Statements of Account were prepared for the two Councils plus the Joint Committee and each received unqualified audit opinions.

The 2010/11 Financial Statements were also prepared in compliance with newly introduced International Financial Reporting Standards (IFRS).

We were also heavily involved in training new members following the May elections, particularly at South Ribble where full elections were undertaken.

Against a background of a deteriorating financial climate nationally we have achieved significant savings during the year and have also identified further efficiency savings from 2012/13 onwards.

We are also pleased to report that the vast majority of the service development projects for the year were completed on time and the vast majority of the key performance targets were achieved.

A summary of the main service level successes in 2011/12 are as follows:-

### **Shared Assurance Services**

Securing an external contract with St. Catherine's Hospice for the provision of Internal Audit Services

Retaining the ISO 9001 quality standard for Internal Audit

Joint tendering for insurance services delivering significant savings & on-going administrative efficiencies at both host authorities

Updating and testing the Emergency and Business Continuity Plans for both host authorities

Facilitating a civil emergency rest centre test exercise at Chorley in conjunction with other agencies

Successfully invoking the Emergency Plans at both host councils in relation to several incidents which occurred during the year

Implementing of the National Resilience Extranet (NRE) for civil contingencies at both host authorities

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

Undertaking intranet based fraud awareness campaigns at each Council

## Shared Financial Services

Closure of Accounts and production of both Councils' statutory Statement of Accounts to the earliest timescales and in accordance with the significant change with regard to the implementation of International Financial Reporting Standards (IFRS). An achievement recognised in the external auditors report.

Successful implementation of the new Financial Management Information System and significant progress made with developing its functionality and reporting tool.

This has led to an acknowledgement that this is a leading development in delivering FMIS services and an invitation to present a case study to the CIVICA Annual Conference in 2012. Shared Services have also taken the lead in a project looking into the budget savings available county wide if this model is replicated across Lancashire.

Delivery of a number of very well received Member training sessions on Public Finance, IFRS Statement of Accounts and Treasury Management.

Completion of Base Budget Reviews at both Councils achieving recurring full year effect budgetary savings in excess of £190k.

Effective management of the Shared Services budget in 2011/12 realising savings of £100k.

Significant progress against the Systems Development Plan including the implementation of SERCop; implementation of new BACS software supplier savings £10k; Rebuild of Internal Recharge model at SRBC reducing the completion of forms, involving staff time, from 350 to just 30; Development and Alignment of Management Accountancy system generated monthly reports; Implementation of automated cheque reconciliation; Alignment of cheque requisitions at CBC and SRBC improving internal control; e-mailing of Purchase Orders to suppliers; Implementation of e-invoicing at CBC for Sundry Debtors. Introduction of FMIS user and focus groups; Critical support to Payroll upgrade at SRBC.

Effective implementation and use of the regional e-tendering system, the Chest, which is now routinely used for all intermediate and high value quotations and tenders.

Joint procurement service now effectively embedded and delivered across both councils enabling the costs of the Procurement function to be reduced by over 30%.

Review, development and publication of a Model Conditions Pack at both authorities.

Significant procurement savings achieved exceeding set targets.

## KEY SERVICE DEVELOPMENTS

There were 38 key projects included in the BIP which represented service developments for 2011/12. Using a traffic light system, the year-end out-turn position is summarised in the table below:-

Detail	Partnership Level	Assurance Services	Financial Services
Green Projects – Completed	3	21	9
Amber Projects – Part Completed	0	0	3
Red Projects – Not Completed	0	2	0
Total	3	23	12

Full details on the status of each project are shown at Appendix 1. The following paragraphs provide short commentaries on the red projects with accompanying explanations.

### ASSURANCE SERVICES PROJECTS

#### **Red Projects**

The Head of Health, Environment & Neighbourhoods is now in a dialogue with Croston Parish Council to engage them in a **Joint Chorley/Croston Flood Plan Exercise**. Key staff have also taken part in a multi-agency flood plan simulation in November which provided validation of both Councils' flood plans. This has been carried forward to the 2012/13 BIP.

The development of a programme for **Promoting Business Continuity** to local businesses in both host Boroughs is now on hold pending the imminent release of new national guidance in this area. This has also been carried forward to the 2012/13 BIP.

### FINANCIAL SERVICES PROJECTS

#### **Red Projects**

There are no red projects for Shared Financial Services.

## Amber Projects

There are three projects that have been allocated an AMBER status this is due to the fact that the projects have over-run compared to the original anticipated end date allocated when this year's BIP was approved:

1. **Construct and Deliver Financial Training Packages** – The intranet has been updated with CIPFA's *A Comprehensive Guide to Local Government Finance 2011*. Some packages and training have been delivered, particularly with regard to topical subjects e.g. Statement of Accounts. Training has been delivered with regard to FMIS systems developments, compliance and performance. This needs to be expanded, however, into a formal training programme for non-financial managers including effective budget management techniques and utilising various delivery models e.g. on-line training, reference material, one to one budget holder confidence building and financial awareness. The training delivered to date has been delivered in the preparation period and during particular work programmes throughout the course of the annual accounting cycle. It is considered that this timing throughout the year makes the training more relevant and topical and therefore more effective in terms of customer and user perspective.
2. **Base Budget Review** – This project has been progressed at both Councils realising over £190k of recurring budgetary savings. The project will, however, remain a work in progress as the project will continue into 2012/13 to assist both Councils bridge their budget funding gap in future years.
3. **Common Platform for Management Accounting Procedures** - The two Management Accounting processes are currently being run within the same FMIS. The reporting tool within the system has been developed to generate to produce automated budget holder and senior management monthly reports however these are being used differently in each Council and the alignment of system generated reports requires further development. The project has been marked AMBER as the project needs to be finished in 2012/13 with specific regard to the periodic closure routine and the outcome of the SFS restructure to be implemented in September 2012. This project is to be a priority for the Teams when the closure process is concluded within the Management Accountancy function.

## KEY PERFORMANCE TARGETS

The BIP contained 39 performance indicators which are all local indicators 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 year-end out-turn position is summarised in the table below:

Detail	Assurance Services	Financial Services
Green on target	10	8
Amber – within 5% of target	3	4
Red – more than 5% off target	7	5
Not measured	0	2
<b>Total</b>	<b>20</b>	<b>19</b>

Full details on each performance indicator are shown at Appendix 2 and a summary of the red and amber targets is shown below:-

### ASSURANCE SERVICES

Measure	Plan	Target 11/12	Actual 11/12	Status	Comments
% Planned Time Utilised	CBC	100%	98%	AMBER	Only slightly below target & no issues arising
	SRBC	100%	76%	RED	Unused contingency time reallocated to new FMIS (SS)
% Audit Plan Completed	CBC	92%	87%	AMBER	3 audits still in progress at year end
% Agreed Management Actions Implemented	CBC	100%	88%	RED	See note below (*)
	SRBC	100%	88%	RED	See note below (*)
	SS	100%	78%	RED	See note below (*)
Agreed Management Actions Implemented - % Implemented On Time	CBC	100%	52%	RED	See note below (*)
	SRBC	100%	67%	RED	See note below (*)
	SS	100%	36%	RED	See note below (*)
Average Customer Satisfaction Score per insurance Claim (max 5.0)	N/A	4.7	4.5	AMBER	Only slightly below target & no issues arising

**Note (\*)** These indicators should be viewed in context for several reasons. Primarily the responsibility for implementing agreed actions lies with service managers rather than Internal Audit and as the target is 100% a degree of under achievement is almost inevitable. Also the indicators for eventual implementation demonstrate an improvement on those reported to members for 2010/11. The “Implemented on Time indicators” do, however, seem particularly low and require further explanation. These are historical in nature and are largely due to various organisational and system changes which necessitated putting some actions on hold. These have since been addressed and are reflected in the higher percentile figures for eventual implementation. Members

should also note that revised implementation dates have been agreed for any residual actions that are still outstanding.

## FINANCIAL SERVICES

Measure	Target to date	Actual to date	Status	
Shared Financial Services Staff Satisfaction	95%	91%	AMBER	4.2%
Over/underspends within 1% of manageable/cash revenue budget	+/-1.0%	-3.15%	RED	215%
15 working days from the period-end closure to the distribution of financial reports	100%	95%	AMBER	5%
Statutory Grant Claims and Returns to be submitted on time	100%	89.5%	RED	10.5%
Supplier Payment within 30 days	98%	90.79%	RED	7.36%
Supplier Payment within 22 days	85%	84.21%	AMBER	0.93%
% of supplier payments by electronic means	92%	91.38%	AMBER	0.67%
% of remittances to suppliers by electronic means	87%	82.16%	RED	5.6%
Number of Council's Top 10 Suppliers (by spend) who have formal partnership/framework agreements with the authorities	100%	90%	RED	10%

### Red Targets

**Over/underspends within 1% of manageable/cash revenue budget** - Underspend brought about by one off items in the year occurring in effect outside of the revenue service budgets and not a result of budget management performance. If these one off items are excluded the variation reduces to 1.2%. (Combined average variation across both Councils = 0.57%).

**Statutory Grant Claims and Returns to be submitted on time** – In summary 9 out of the total 86 returns were late, these occurrences were all in the first quarter of the year. All subsequent returns were submitted on time. This was caused by the additional workload created by IFRS with particular regard to staff being unfamiliar this time round with the new process.

**Supplier Payment within 30 and 22 days** - Target not achieved mainly attributable to non compliance by users and unfamiliarity with processes due to staff turnover in Shared Financial Services. A process of publicising the importance of system compliance is currently underway and is clearly working as the 10 day payment performance target is now on target. The 30 and 22 day target improvements are a high priority and performance is already vastly improved. This will take time to be reflected, however, in the cumulative target. The latest results for the most recent payment runs are 99.56% and 93.95% respectively.

The action taken has included increasing the detail of performance monitoring by recording the time taken to complete each task within the whole process which has enabled us to identify the precise points where improvements needed to be made. This has been done in consultation with budget holders and has resulted in a significant improvement in the results. In fact a 100% result has been achieved for payments within 30 days on numerous occasions.

To sustain this improved performance a new Payment Forecast report has been developed which identifies invoices which would just about go over the PI limits if they are not paid that day and gives the team a last and final chance to contact authorisers to inform them of the situation, explain the consequences and hopefully prevent a failure to meet the target.

**% of remittances to suppliers by electronic means** – This KPI is red due to the proportion of remittances sent electronically at SRBC. Previously, with the old FMIS, faxed remittances were classed as electronic but are no longer used as a result of introducing the new system. Continued development of the new FMIS will improve the number of electronic remittances sent to suppliers. Also as described above, a Payment Forecast report has now been developed which also provides details of the payments due to be made that day along with an indicator of whether they will be paid by cheque or BACS and whether remittance advice will be sent by post or email. This allows a member of the Team to contact the relevant supplier to ask them for an email address, or bank details.

### *Amber Targets*

**Shared Financial Staff Satisfaction** – This equate to one member of staff who is not satisfied within Shared Financial Services. The staff survey results have not long been received and are still undergoing analysis by HR/OD to further drill down into possible causes of dissatisfaction.

**15 working days from period end to distribution of financial reports** - One round of system generated Budget Monitoring Reports were late due to the priority and focus given to an exercise to improve the accuracy and integrity of commitments within the system thus speeding up and improving the effectiveness of management information in the subsequent months. In addition payroll data was received late from the payroll provider which also impacted on the delivery of monthly reports.

**Supplier Payment within 30 and 22 days** – please see above.

**Number of Council's Top 10 Suppliers (by spend) who have formal partnership/framework agreements with the authorities** - Combined 90% made up of Chorley 100% and South Ribble 80%. This is due to spot buying of fuel at SRBC, which is a high spend area across two providers. Spot buying has proved to be the most cost effective method of procuring fuel due to the volatility of fuel prices.

## FINANCIAL OUT-TURN

At each Joint Committee meeting during 2011/12 up-to-date budget performance statements have been reported showing actual performance against the approved original 2011/12 budget. The following statement sets out the final out-turn position as at 31<sup>st</sup> March 2012:

Cost Category	Annual Budget £000	Out-turn as at 31 <sup>st</sup> March 2012 £000	Under/(Over) Spend £000
Employee Costs	1.407	1.361	<b>0.046</b>
Car Leasing	0.032	0.032	-
Employee Related Insurance	0.010	0.009	<b>0.001</b>
Lancashire CC Audit Budget	0.010	0.010	-
Transport	0.014	0.009	<b>0.005</b>
Supplies and Services	0.040	0.037	<b>0.003</b>
Financial Management Information System (FMIS)	0.095	0.050	<b>0.045</b>
<b>TOTAL</b>	<b>1.608</b>	<b>1.508</b>	<b>0.100</b>

### Budget Variations

The underspend against budget is mainly attributable to the following:-

**Employee Costs £0.046m** – Savings brought about by two vacant posts in Shared Financial Services, one in the Systems Development Team and the other in the Procurement Team plus reduced costs in Shared Assurance Services due to Maternity Leave. These savings were off set by cost incurred in respect of severance pay and providing cover in the Systems Development Team whilst the new system was developed and embedded.

**FMIS £0.045m** – The implementation of the new FMIS on a common platform reduced the combined budget of £95k for the two authorities to £50k per annum. In addition to the productivity savings realised as at 31<sup>st</sup> March 2011.

With regard to the underspend position as at 31<sup>st</sup> March 2012 it is proposed that a budget of £23k is carry over into 2012/13 to fund the extension of a temporary contract of key member of staff. The member of staff will be working on a part time basis throughout the restructuring and year end closure periods. This is to aid a smooth hand over of critical experience and knowledge that is considered to be essential for: succession planning and staff development; the effective implementation of the new structure; meeting the statutory obligation of both Councils to close the accounts down and produce an accurate and complete Statement of Accounts in accordance with the CIPFA Code of Practice by the end of June.

## APPENDIX 1 – KEY SERVICE DEVELOPMENTS 2011/12

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Partnership Level</b>						
Ongoing Implementation of the Workforce Development Plan	SG/GB	April 2011	March 2012	As arranged with the respective HR departments at each authority	GREEN	Implemented & On-going
Implementation of Customer Survey Actions	SG/GB	April 2011	March 2012	As per agreed action plan	GREEN	Implemented
Participate in CBC & SRBC staff surveys	SG/GB	April 2011	Jan 2012	Timetable to be agreed	GREEN	Implemented
<b>Assurance As A Whole</b>						
Feed into new member inductions at SRBC & CBC	GB	May 2011	May 2011	To cover risk, audit and ethical governance	GREEN	Implemented
Arrange (joint) training for the Governance & Audit Committees following the May elections	GB	May 2011	June 2011	To be arranged	GREEN	Implemented
Facilitate control & risk self assessments in services at CBC & SRBC	GB	October 2011	Dec 2011	Timetable to be agreed	GREEN	Implemented
<b>Internal Audit</b>						
Finalise and roll-out the Meritec Fraud Awareness package at CBC	CW	May 2011	June 2011	Tailor to CBC needs Publicise & roll out on the LOOP	GREEN	Implemented
Finalise the Anti-Fraud & Corruption Strategy at CBC	CW	May 2011	May 2011	Update document Publicise on the LOOP	GREEN	Implemented

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Review the audit assignment process to identify potential efficiency improvements	CW	May 2011	June 2011	Arrange managers meeting(s) & review full process including reporting	GREEN	Implemented
Update the Quality System & retain the ISO 9001 standard	CW	Ongoing	Feb 2012	Regular review of IA processes & updates to the Quality System as necessary	GREEN	Implemented. Accreditation retained.
Further develop the use of IDEA to encompass more applications	CW	Ongoing	Ongoing	Add to repertoire of reports run for key financial & business systems (ongoing)	GREEN	Implemented & on-going
Compare the assignment level self-assessments with customer questionnaire results and investigate any discrepancies	CW	Ongoing	Ongoing	Periodic reviews in-year	GREEN	Implemented & ongoing
<b>Risk Management</b>						
Review tree risk management arrangements at CBC	AA	June 2011	Oct 2011	Review systems, policies and procedures using SRBC report as control matrix.  Produce written report and improvement action plan (July 2011)  Conduct end of year review of actions implemented (October 2011)	GREEN	Implemented. Incorporated within the Internal Audit review of maintenance regimes.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Emergency / Business Continuity Planning</b>						
Establish monthly liaison meetings to enable the flow of information between Shared Assurance Services Environmental Services as the key responder	AA	Ongoing	Ongoing	Schedule monthly liaison meetings & prepare agendas to include relevant actions, issues, feedback and monitoring information  Prepare and circulate minutes from meetings	GREEN	Implemented & on-going
Update the Emergency Plans at both Councils to reflect structural & departmental changes & learning from recent simulation exercises	AA	April 2011	Sept 2011	Update structure & content of existing EP's & issue hard copies  Develop Rest Centre & Recovery Action Group appendices (CBC)  Update EP Control Centre Procedures & arrange awareness session for relevant officers (CBC)  Raise EP awareness with Customer Services Staff & Out Of Hours Contractor  Arrange for electronic versions on Inter/Intranets & the National Resilience Extranet (NRE)	GREEN	Implemented
Implement the National Resilience Extranet (NRE) at both Councils	AA	July 2011	July 2011	Identify users & provide training as necessary  Provide system administration function	GREEN	Implemented

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Identify & agree additional alternative Rest Centres in South Ribble	AA	June 2011	Sept 2011	Draw up MOU's & incorporate within the EP	GREEN	Implemented
Develop and facilitate a Rest Centre test exercise at Chorley in conjunction with LCC Emergency Planning / Emergency Response Group & Active Nation	AA	April 2011	Dec 2011	Participate in Planning Team meetings Undertake exercise and provide necessary support and resources	GREEN	Implemented
Undertake a combined Chorley Flood Action Plan / Croston Community Flood Plan exercise	AA	Oct 2011	Oct 2011	Agree timetable and actions with other stakeholders on completion of Croston Community Flood Plan	RED	The Head of Health, Environment & Neighbourhoods is now in a dialogue with Croston Parish Council to engage them in a joint exercise. Ky staff have also taken part in a multi-agency flood plan simulation in November which provided validation of both Councils' flood plans
Support the South Ribble Multi-Agency Flood Group to finalise & implement the Borough Flood Action Plan	AA	April 2011	Aug 2011	Complete the Plan for the remaining 8 flood risk areas Forward Plan to LRF to complete Part 2 of the LRF Multi-Agency Flood Plan (MAFP)	GREEN	Assurance inputs completed.
Develop a programme to promote BCM to local businesses in both host Boroughs	AA	Sept 2011	Dec 2011	Review of Web site content & undertake publicity campaign to raise awareness Facilitate an awareness seminar in conjunction with other agencies	RED	This is now on hold pending the imminent release of new national guidance in this area.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Update & Test Business Continuity Plans (BCPs) following restructures at SRBC	AA	April 2011	February 2012	<p>Update core BCP to incorporate critical service and supplementary plans &amp; new "loss of building plan". Ensure alignment with DR Plan.</p> <p>Issue hard copy &amp; electronic versions on CONNECT as appropriate (September)</p> <p>Compile incident specific appendices for fuel shortage &amp; pandemic flu (December)</p> <p>Arrange test exercise (February 12)</p>	GREEN	Implemented.
Update & Test Business Continuity Plans following restructures at CBC	AA	April 2011	December 2011	<p>Undertake facilitated development sessions to produce building-based BCP's</p> <p>Issue hard copy &amp; electronic versions on LOOP as appropriate (September)</p> <p>Compile incident specific appendices for fuel shortage &amp; pandemic flu (December)</p> <p>Arrange test exercise (December)</p>	GREEN	Implemented.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Insurance</b>						
Update & distribute Insurance Manuals at both host authorities as a means of publicising the Insurance Service	AA	July 2011	Sept 2011	To be agreed	GREEN	Implemented
Complete a nine month extension of current Long Term Agreements (LTAs) for CBC's insurance Portfolio	AA	April 2011	April 2011	Agree extension with Director of Transformation & obtain necessary Member approvals and exemption of CPRs	GREEN	Implemented
Oversee the exercise for the procurement of new long-term insurance agreements by both councils	AA	April 2011	Jan 2012	<p>Project / procurement plan (April 2011)</p> <p>Agree selection criteria (May 2011)</p> <p>Finalise proposal &amp; arrange OJEC publication (June 2011)</p> <p>Issue ITT (June 2011)</p> <p>Tender deadline (end September 2011)</p> <p>Evaluation report to officers</p> <p>Recommendation report to members for approval (November 2011)</p> <p>Make appointments &amp; place covers (December 2011)</p>	GREEN	Implemented

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Financial Services As A Whole</b>						
Construct and deliver financial training packages for Members and Budget Holders to include use of systems, process improvement and financial management techniques.	SG	April 2011	Sept 2011	<p>Consult customers</p> <p>Identify priority issues for customers and Shared Services</p> <p>Produce packages</p> <p>Deliver training</p>	AMBER	The intranet is currently being updated with CIPFA's <i>A Comprehensive Guide to Local Government Finance 2011</i> . Some packages and training has been delivered particularly with regard to topical subjects e.g. Statement of Accounts. Training packages and training is being delivered in the run up and during the course of the annual accounting cycle. It is considered that this timing throughout the year makes the training more relevant and topical and therefore more effective.
Ensure compliance with Service Reporting Code of Practice for Local Authorities including process improvement to facilitate the most efficient and effective data collection and publication processes	SG	April 2011	December 2011	<p>Consult customers and communications staff</p> <p>Set up templates for publication</p> <p>Identify issues and re-currant issues problems/problem solving approach</p> <p>Conduct training to solve problems</p>	GREEN	COMPLETE
Base Budget Review at CBC and SRBC based on subjective analysis of the total cash budget	SG	April 2011	July 2011	<p>Initial subjective analysis to establish de minimis level / scope of review.</p> <p>Examination and research - matching output/outcomes to optional additional expenditure invested.</p> <p>Consider more cost effective options.</p> <p>Consultation process - Conduct Star Chambers or other appropriate forum</p>	AMBER	This project has been progressed at both Councils. The project will, however, remain a work in progress as it is proposed to continue this review into 2012/13 to assist both Councils bridge their budget funding gap in future years.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Accountancy Services</b>						
<p>Provide a common partnership platform for Management Accounting processes, Budget Monitoring and Budget Preparation – Revenue and Capital</p> <p>Review of monthly/quarterly close down procedures with reference to new requirement Enhanced Local Government Accrual Reporting (ELGAR) programme. functionality of the new and developed FMIS at SRBC and CBC respectively</p>	MJ / JB	April 2011	December 2011	<p>Identification of processes that do not add value</p> <p>Establish most efficiency and effective processes</p> <p>Consult with customers and stake holders</p> <p>Implement</p>	AMBER	<p>The two Management Accounting processes are currently being run within the same FMIS. The reporting tool within the system has been developed to generate to produce automated budget holder and senior management monthly reports however these are being used differently in each Council and the alignment of system generated reports requires further development.</p> <p>The project has been marked AMBER as the project needs to be finished in 2012/13 with specific regard to the periodic closure routine and the outcome of the SFS restructure to be implemented in September 2012. This project is to be a priority for the Teams when the closure process is concluded within the Management Accountancy function.</p>
<p>Close down the accounts of both Councils in accordance with International Financial Reporting Standards (IFRS)</p>	GW	April 2011	June 2011	<p>Consultation with External Auditors</p> <p>Comply with the Code of Practice for Local Authority Accounting</p> <p>Comply with Closure of Accounts timetable</p>	GREEN	<p>Completed and achievement acknowledged by the External Auditor as a significant achievement.</p>
<p>Preliminary Joint Bank Tender preparation (Contact effective from April 2013)</p>	GW	Jan 2012	March 2012	<p>Agree strategy for Tender preparation. Collect data Assess implications for both Councils</p>	GREEN	<p>On Track.</p>

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>System Development &amp; Exchequer Services</b>						
Explore the feasibility of extending the new platform for delivering the Financial Management Information System to other parties outside of the Partnership	LH	April 2011	Sept 2011	<p>Assess resources implications with regard to implementation and sustainability</p> <p>Further test multi company system operations and responsibilities e.g. Disaster recovery outside the Partnership</p> <p>Soft Market testing</p>	GREEN	The SFS Team has been selected to lead a Lancashire wide project that will seek to quantify, within a business case, the efficiencies to be gained from a proposed Lancashire wide financial systems hosting option. This will be considered in the first instance by Lancashire Chief Finance Officers in July 2012.
Implementation and development of the Asset Accounting, Budget and Payroll Budgeting Modules within CIVICA	LH	April 2011	Jan 2012	<p>Consult Partnership internal and external customers</p> <p>Process re-engineering</p> <p>Test systems</p> <p>Implement including training</p>	GREEN	Assessment of these new modules has now been completed. Implementation of the Budget Modules will be suspended pending further development work from the supplier as the current solution would not add value to our processes. We are working with the supplier on this development in light of the Lancashire wide FMIS hosting project. Asset Accounting module assessment has identified the need to complete the SerCoP work before implementation so a new target date of Jan 2012 is required to bring it in to line with SerCoP implementation timescales.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Set up Joint Financial Management Information User groups to enhance customer training and satisfaction	LH	Sept 2011	March 2012	Consult customers  Set up group terms of reference and timetable	GREEN	FMIS user groups have been implemented. They have been used to: communicate new version releases; promote system compliance and performance improvement and provide training, advice and procedure notes for the year end accounts closure process. The groups have been very effective and will be continued as an effective customer service and communication/ development route.
<b>Procurement Services</b>						
The Chest E-tendering systems – the Chest is in place however the process needs to be developed and embedded into core business	JH	April 2011	March 2012	Complete pilot period within procurement  Raise awareness, training and roll-out if, and as, appropriate	GREEN	Pilot completed. The Chest is now effectively embedded at both Chorley and South Ribble Councils and is used for all intermediate and High Value procurements via the procurement team. All relevant procurement documentation and guides have been updated and a signpost to the Chest included on the respective Council websites for suppliers. Procuring officers across both authorities have been allocated “collaborator” roles as and when appropriate, and have accessed tenders and quotes via the system electronically.
Develop and implement Model Templates for Pre-Qualification, Request for Quotation and Tender documents	JH	April 2011	March 2012	Research best practice  Develop template docs  Publish and promote	GREEN	A template ITQ document has been developed and has been used on numerous occasions with the Chest. Additionally various template PQQ and other docs have been researched which can be adapted for individual projects. For the time being, it is considered appropriate to keep these documents within the procurement team and provide advice as appropriate.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Evaluate, implement and publish a range of Model Conditions of Contract	JH	April 2011	March 2012	Research best practice including consideration of NWIEP standard docs Consult with Legal Develop template docs Publish and promote	GREEN	Working with Legal services at both authorities NWIEP standard docs have been reviewed, updated and agreed and a Conditions Pack has now been published on the Procurement section of the Loop and Connect for access and use by officers.

## APPENDIX 2 – PERFORMANCE TARGETS 2011/12

### SHARED ASSURANCE SERVICES

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
<b>Assurance Overall</b>								
Assurance Staff Satisfaction	GB	N/A	N/A	N/A	N/A	N/A	GREEN	Positive results emanating from the survey
<b>Internal Audit</b>								
% Planned Time Utilised	CW	CBC	98.5%	100%	100%	98%	AMBER	Only slightly below target & no issues arising
		SRBC	106%	100%	100%	76%	RED	Unutilised contingency time reallocated to new financial systems audit (as below)
		SS	68%	100%	100%	111%	GREEN	Above target – new financial systems at SRBC necessitated more input than originally planned
% Audit Plan Completed	CW	CBC	92%	92%	92%	87%	AMBER	3 audits still in progress at year end
		SRBC	95%	92%	92%	100%	GREEN	Above target
		SS	43%	92%	92%	92%	GREEN	On target
Percentage of Management Actions Agreed	CW	CBC	99%	97%	97%	99%	GREEN	Above target
		SRBC	98%	97%	97%	100%	GREEN	Above target
		SS	100%	97%	97%	100%	GREEN	Above target

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
% of Agreed Management Actions Implemented	CW	CBC	69%	100%	100%	88%	RED	84 out of 96 agreed actions implemented. 12 revised dates agreed.
		SRBC	89%	100%	100%	88%	RED	64 out of 73 agreed actions implemented. 9 revised dates agreed.
		SS	74%	100%	100%	78%	RED	39 out of 50 agreed actions implemented. 11 revised dates agreed.
Of the Agreed Management Actions Implemented - % implemented On Time	CW	CBC	68%	100%	100%	52%	RED	44 out of 84 agreed actions implemented on time.
		SRBC	71%	100%	100%	67%	RED	43 out of 64 agreed actions implemented on time.
		SS	90%	100%	100%	36%	RED	14 out of 39 agreed actions implemented on time.
% customer satisfaction rating – assignment level	CW	CBC	91%	90%	90%	93%	GREEN	Above target
		SRBC	90%	90%	90%	96%	GREEN	Above target
		SS	86%	90%	90%	90%	GREEN	On target
<b>Risk Management</b>								
Average customer satisfaction score per insurance claim (max 5.0)	AA	N/A	4.7	4.7	4.7	4.5	AMBER	Only slightly below target & no issues arising

## SHARED FINANCIAL SERVICES

Key Measures	Lead Officer	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
<b>Finance As A Whole</b>							
Customer Satisfaction	SG	Last survey in 2009/10	90%	N/A	Not measured yet	N/A	For reference 82% was achieved in 2009/10
Financial Services Staff Satisfaction	SG	81%	95%	95%	91%	AMBER	This equate to one member of staff who is not satisfied within Shared Financial Services. The staff survey results have not long been received and are still undergoing analysis by HR/OD to further drill down into possible causes of dissatisfaction.
% of professionally qualified finance staff as % of total finance staff (vfm Secondary 1)	SG	25%	18%	18%	26%	GREEN	Target Exceeded
<b>Accountancy</b>							
Over/Underspends within 1% of manageable/cash revenue budget	SG	3.1%	<1.0%	<1.0%	3.15%	RED	Underspend brought about by one off items in the year occurring in effect outside of the revenue service budgets and not a result of budget management performance. If these one off items are excluded the variation reduces to 1.2%. (Combined average variation across both Councils = 0.57%).
% variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3)	SG	120%	5%	5%	3.83%	GREEN	Target Achieved

Key Measures	Lead Officer	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
15 working days from period-end closure to the distribution of financial reports (VFM Primary 2)	MJ/JB	N/A	100%	100%	95%	AMBER	One round of system generated Budget Monitoring Reports were late due to the priority and focus given to an exercise to improve the accuracy and integrity of commitments within the system thus speeding up and improving the effectiveness of management information in the subsequent months. In addition payroll data was received late from the payroll provider which also impacted on the delivery of monthly reports.
Achievement of Prudential Indicators	GW	100% compliance	100% compliance	100% compliance	100% compliance	GREEN	On Target
Year end statutory accounts to contain no material errors and have an unqualified audit opinion	SG	0	0	0	0	GREEN	On Target. Acknowledged in the External Auditors report as a significant achievement
Statutory Grant Claims and Returns to be submitted on time	MJ/JB/GW	85%	100%	100%	89.5%	RED	In summary 9 out of the total 86 returns were late, these occurrences were all in the first quarter of the year. All subsequent returns were submitted on time. This was caused by the additional workload created by IFRS with particular regard to staff being unfamiliar this time round with the new process.
Achievement of industry investment benchmarks	GW	CBC = 0.65% SRBC = 1.12%	Out perform London Inter Bank Bid Rate (LIBID) by 10%	Out perform London Inter Bank Bid Rate (LIBID) by 10%	LIBID = 0.48% CBC = 1.03% SRBC = 1.03%	GREEN	Target of 0.48% exceeded. (N.B. coincidentally same rate achieved at both Councils)

Key Measures	Lead Officer	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
<b>Systems Development &amp; Exchequer Services</b>							
Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10)	LH	98.09%	98%	98%	90.79%	RED	Target not achieved mainly attributable to non compliance by users. A process of publicising the importance of system compliance has been undertaken and this continues where necessary. All delays within SFS have been resolved. This is a high priority and the target is already greatly improved from 89.10% previously reported. This will unfortunately not be enough to improve the reported cumulative KPI figures. The latest monthly result is 97.5%. April 2012 result is 98.82%.
Supplier Payment within 22 days (local indicator)	LH	91.94%	85%	85%	84.21%	AMBER	Target not achieved only by a tiny margin mainly attributable to non compliance by users. A process of publicising the importance of system compliance has been undertaken and this continues where necessary. All delays within SFS have been resolved. This is a high priority and the target is already greatly improved. This will unfortunately not be enough to improve the reported cumulative KPI figures. The final monthly result is 93.43% which is GREEN.
Supplier Payment within 10 days (local indicator)	LH	61.67%	50%	50%	57.30%	GREEN	This KPI has been brought back on target. The actual monthly result is 76.9% which exceeds the target.
% of supplier payments by electronic means (VFM Secondary 7)	LH	93.62%	92%	92%	91.38%	AMBER	Current monthly result as at the end of March is 92.09% which is GREEN however the cumulative figure is slightly below the performance target and this is due to the procedures inherited from the old FMIS which has been improved as part of the new FMIS implementation throughout the year.

Key Measures	Lead Officer	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
% of remittances to suppliers by electronic means	LH	93.04%	87%	87%	82.16%	RED	This KPI is red due to the proportion of remittances sent electronically at SRBC. Previously faxed remittances were classed as electronic but these are no longer used. Continued development of the new system will improve the number of electronic remittances. The direction of travel is a positive one, the previously reported figure was 82.00%. The result for the month of March is 86.21% which is almost on target.
% of Financial Systems availability`	LH	99.93%	99.5%	99.5%	99.95%	GREEN	Target Exceeded
<b>Procurement Services</b>							
Professionally qualified staff as % of total procurement employees (vfm Secondary 1)	JH	67%	33%	33%	67%	GREEN	Above target
LIB/P12 Satisfaction with the corporate procurement function	JH	Last survey in 2009/10	87%	87%	Not measured yet	N/A	For reference 94% was achieved in 2009/10
Number of Council's Top 10 suppliers (by spend value) who have formal partnership/framework agreements with the authorities	JH	90%	100%	100%	90%	RED	Combined 90% made up of Chorley 100% and South Ribble 80%. This is due to spot buying of fuel at SRBC, which is a high spend area across two providers. Spot buying has proved to be the most cost effective method of procuring fuel due to the volatility of fuel prices.