

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Shared Services Joint Committee	30 <sup>th</sup> June 2014

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<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Financial & Assurance Shared Services Annual Report 2013-14	N/A	G Barclay & S Guinness	

## SUMMARY AND LINK TO CORPORATE PRIORITIES

This report contains the Annual Report for the Financial and Assurance Shared Services Partnership which covers the fifth complete financial year of its operation.

The Committee has received regular performance reports during the course of 2013/14 highlighting the actions taken to deliver the planned service improvements and performance targets specified in the 2013/14 Business Improvement Plan. This report provides the final out-turn position for members' information.

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

**“Chorley** is an ambitious council that does more to meet the needs of residents and the local area.”

**“South Ribble** will deliver value for money in all aspects of the council's work, through challenging processes, supporting our employees and delivering exceptional customer service.”

## 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 assessed. The Business Improvement Plan translated these outputs and measures into specific deliverables and targets which needed to be achieved during 2013/14.

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 2014. Members will note that we have been successful in achieving the vast majority of our planned service developments and performance targets for 2013/14.

## 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 2013/14 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 2013/14 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 2014/15.		
<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 2013/14.
2. Partnership Business Improvement Plan 2014/15.



# **FINANCIAL & ASSURANCE SHARED SERVICES PARTNERSHIP**

## **ANNUAL REPORT 2013/14**

# **CONTENTS**

**HIGHLIGHTS & ACHIEVEMENTS**

**KEY SERVICE DEVELOPMENTS**

**KEY PERFORMANCE TARGETS**

**FINANCIAL OUT-TURN**

**APPENDICES**

## HIGHLIGHTS & ACHIEVEMENTS

2013/14 represented another challenging yet successful year in which the Partnership continued to embed new ways of working as part of its continuous improvement ethos. The public finance arena continued to travel through a period of significant change which is now encompasses on a permanent basis with particular regard to core funding and the resulting year on year corporate budgetary fluctuations. Public finance teams need to effectively meet these challenges whilst also leading by example in respect of providing increasingly efficient services.

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

A summary of the main service level successes in 2013/14 are as follows:-

### Shared Financial Services

Closure of Accounts and production of both Councils' statutory Statement of Accounts to the tight required statutory deadline with only one error noted. This error did not affect the bottom line of the Council affected. The consistent track record of high standards has been acknowledged in the external auditor's reports.

Driving the initiative to support small and medium sized businesses by paying our invoices quickly. During 2013/14 to date 99.21% of our invoices are paid within 30 days and 80.23% are paid within 10 days.

Continued progress made with developing the joint Financial Management Information System and Systems Development Plan.

Efficiency savings achieved for both Councils through procurement activity.

Delivery of several inter-authority collaborative procurement projects.

Providing valued and expert procurement advice and support across both Councils from day to day general assistance to major procurement exercises and significant corporate projects.

Continued support of each Councils' management teams, directors and budget holders to achieve budget efficiency programmes and budgetary efficiencies.

## Shared Assurance Services

Achieving excellent results for Shared Assurance Services in the recent staff survey

Embedding a service restructure delivering further on-going financial savings whilst maintaining service levels

Retaining the ISO 9001 quality standard for Internal Audit

Receiving Excellent customer feedback from St. Catherine's Hospice & extension of the Internal Audit agreement

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

## KEY SERVICE DEVELOPMENTS

There were **29** key projects included in the BIP which represent service developments for 2013/14. Using a traffic light system, the out-turn is summarised in the table below:

Detail	Partnership Level	Assurance Services	Financial Services
<b>Green Projects</b>	<b>4</b>	<b>13</b>	<b>11</b>
<b>Amber Projects</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Red Projects</b>	<b>0</b>	<b>0</b>	<b>1</b>
Total	<b>4</b>	<b>13</b>	<b>12</b>

The following paragraphs provide commentaries on an exception basis for projects that were considered to have a Red or Amber status at year-end.

### ASSURANCE SERVICES PROJECTS

All the Shared Assurance Services projects planned for 2013/14 have now been completed.

### FINANCIAL SERVICES PROJECTS

In addition to the service's projects, Shared Financial Services has continued to perform well with regard to core business delivery with the early part of the year focussing on the closure of the accounts at both Councils and the production of the Statement of Accounts (SOA). The external audit inspection for the 2012/13 closure process has been completed in 2013/14 and SFS has received very positive feedback from the External Auditor with regard to both the quality of working papers and also the helpfulness and efficiency of staff when dealing with their queries.

Budget setting processes commenced as the external audit concluded, with Council budgets and Medium Term Financial Strategies approved in February 2014. They have required particular attention with regard to the Provisional Local Government Finance Settlement, published in late December 2013, and also the interpretation of information available in respect of the new Business Rates Retention (BRR) scheme which came into effect on 1<sup>st</sup> April 2013. Lack of clarity and the absence of regulations in respect of BRR made the process problematic especially with regard to determining accurate out-turn positions and forecasting budgetary estimates going forward. The work, however, was completed on time and provided critical foundation work for the Closure of Accounts process for 2013/14.

The shared service procurement service completed another very successful year which included receiving a 100% customer satisfaction rate from their feedback sheets. A key project within the function was to undertake a review and update of the Joint Procurement Strategy (JPS) 2009-2014, in preparation for its refresh in 2014/15. Due to the comprehensive review and update of our procurement processes and systems, undertaken during the existing JPS period, it is recommended that the new JPD has a greater focus on a "business as usual" approach supporting officers in their use of the new e-tendering systems. A more detailed update is attached in Appendix A with the current JPS attached in Appendix A1 for information.

The Systems Development Plan contained a number of individual projects, the overarching objective were to:

- enhance customer service,
- ensure statutory compliance and meeting regulatory requirement, and
- improving efficiency and productivity.

All projects were project managed by the Shared Financial Services Systems Development Team working collaboratively across both Councils with other departments wherever necessary.

Compliance project work focuses on risk management and thus mitigates against the threat of fraud, misappropriation of funds, financial penalties and fines, reputational damage and overcommitting against budgets. Examples of the projects undertaken include: system upgrades to ensure new enhancements are available for development; Payment Card Industry Data Security Standard (PCI-DSS) Compliance; the improvement of Chip and Pin facilities. Other projects have provided efficiencies, for example, reduction in the use of cheques for payments and use of e-mail to automate invoicing processes.

With regard to the projects within the BIP for 2013/14, there is one project that has been allocated a RED status and one project that has been classified as AMBER.

### **Red Projects**

#### **Review of Management Accountancy processes post FMIS implementation**

A RED status has been allocated to this project due to the lack of progress in 2013/14. To correct this position the project has been incorporated into the partnership's Business Improvement Plan (BIP) for 2014/15. The issue regarding this project is in regard to delivering all the final outcomes to the deadline set, therefore, the objectives and outcomes remain unchanged.

In the first instance staff changes at a senior level within SFS impacted on progression. Secondly, to effectively manage this project within existing resources, the planned schedule of review and change should work in parallel to the actual accounting cycle work programmes within the service. This approach has the added benefit of enabling real time testing of new systems and processes. Unfortunately, the release of the new Budget Module from the supplier was delayed which meant this project was also further delayed. This re-scheduling has, however, provided an opportunity for other projects to be aligned to it and included in a consolidated Programme Board schedule.

## **Amber Projects**

**Development of the current level/programme of financial training packages for Members and Budget Holders to include use of systems, process improvement and financial management techniques.**

An AMBER status has been allocated to this project. Although one to one training sessions, briefings and Member Learning hours have taken place, the self-serve training packages remain outstanding. The online service will greatly improve accessibility to training and reference material and is therefore a key outcome for the project.

## **PERFORMANCE TARGETS**

The 2013/14 BIP contained **29** 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 status of these indicators as at the end of March 2014 is shown in the table below:

<b>Detail</b>	<b>Assurance Services</b>	<b>Financial Services</b>
Green on target	<b>10</b>	<b>11</b>
Amber – within 5% of target	<b>0</b>	<b>0</b>
Red – more than 5% off target	<b>3</b>	<b>5</b>
<b>Total</b>	<b>13</b>	<b>16</b>

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

## **ASSURANCE SERVICES TARGETS**

### **Red Targets**

One red target is in respect of the actual time spent on Shared Financial Services audit work being below that planned. This was due to 2 reviews that were undertaken by External rather than Internal Audit.

Two red targets relate to Audit Plans not being fully completed due to the postponement of a small number of audit reviews.

### **Amber Targets**

There are no amber targets for Shared Assurance Services.

## **FINANCIAL SERVICES TARGETS**



## Red Targets

Measure	Target to date	Actual to date	Variation
<b>Financial Services Staff Satisfaction</b>	<b>95%</b>	<b>85%</b>	<b>10.5%</b>
<p>Comments:</p> <p>This equates to 3 people, two who were neither satisfied nor dissatisfied. The partnership has a project specifically aimed at staff engagement. A presentation has been made to staff which resulted in some open and honest feedback. Intervention sessions and actions are in the planning stage in addition to the current roll out of the Leading Edge project.</p>			
Measure	Target to date	Actual to date	Variation
<b>Over/(Underspend) within 1% of manageable/cash revenue budget</b>	<b>&gt;+/- 1%</b>	<b>-5.15%</b>	<b>415%</b>
<p>Comments:</p> <p>2013/14 was an unprecedented year when compared to others since the inception of SFS in so far as officers had to deal with a new and very complex funding arrangement, i.e. Business Rates Retention (BRR). The position was exacerbated by very late confirmation of the legal and technical frameworks by which this high value funding stream would operate. Therefore, there was no guidance available to interpret when budgetary assumptions and forecasts were made.</p> <p>In addition, both Councils received s31 grant in respect of Small Business Rates Relief. Again, the actual amounts to be received were only disclosed late in the year of receipt. The purchase of Market Walk has also made a significant contribution to the level of underspend at Chorley as its net income level significantly exceeded its expected target.</p>			
Measure	Target to date	Actual to date	Variation
<b>% variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3)</b>	<b>&lt;( +/-) 5%</b>	<b>-8.2%</b>	<b>64%</b>
<p>Comments:</p> <p>The explanation above also applies to the movement from the projected out-turn at as September 2013 to the end of March 2014. That is, the financial impact of receipts for s31 grant and the purchase of Market Walk have both had a positive effect by increasing income.</p>			
Measure	Target to date	Actual to date	Variation
<b>Year- end statutory accounts to contain no material errors and have an unqualified audit opinion</b>	<b>0</b>	<b>1</b>	<b>-</b>
<p>Comments:</p> <p>One material misstatement was made in the SOA for CBC in 2011/12. Although the value of the misstatement at £1.750m puts it in the material category, the correction was simply to re-classify a provision as a reserve in the 2012/13 SOA. Importantly this correction did not affect the financial position of the Council. The adjustment was done by SFS pro-actively and transparently during 2013/14 as part of the close down process and prior to the audit, it was not an error that was discovered as part of the external audit process.</p>			

Measure	Target to date	Actual to date	Variation
<b>Statutory Grant Claims and Returns to be submitted on time</b>	<b>100%</b>	<b>95.83%</b>	<b>4.17%</b>
<p>Comments:</p> <p>The Whole of Government Accounts (WGA) returns for both Councils were late (by 6 working days) as the requisite pro-formas that needed to be completed were received a month late. This was exacerbated by the fact that the guidance notes for completion were only issued after the deadline date had passed. In addition, one monthly treasury return was also submitted late (2 working days) due to staff annual leave. Both instances have been reviewed to strengthen resilience should the same circumstances be repeated.</p> <p>For context the Audit Commission have recently published a call for authorities to improve the accuracy of grant claims submitted, it has been highlighted that in 2012/13 30% of claims were qualified. Although 3 returns have been submitted late, SFS have had no claims qualified since its launch in December 2008.</p>			

**Amber Targets** - There are no amber targets to report.

## FINANCIAL OUT-TURN

At each Joint Committee meeting during 2013/14 up-to-date budget performance statements have been reported showing actual performance against the approved original 2013/14 budget. The following statement sets out the final out-turn position as at 31<sup>st</sup> March 2014:

Cost Category	Annual Budget £000	Out-turn as at 31 <sup>st</sup> March 2014 £000	Under/(Over) Spend £000
Employee Costs	1.247	1.224	<b>0.023</b>
Other Staff Costs	0.054	0.050	<b>0.004</b>
Lancashire CC Audit Budget	0.018	0.016	<b>0.002</b>
Transport	0.010	0.010	-
Supplies and Services	0.048	0.048	-
Financial Management Information System (FMIS)	0.072	0.070	<b>0.002</b>
Income	(0.008)	(0.005)	<b>(0.003)</b>
<b>TOTAL</b>	<b>1.441</b>	<b>1.413</b>	<b>0.028</b>

## Budget Variations

The Performance Report in January projected that the service would achieved an out-turn position of £1.422m. The actual out-turn position achieved, as summarised above, is £1.413m which is a reduction in net expenditure of £9k.

Comparing the year end out-turn to the budget, the service has achieved an underspend of 28k. This equates to a 0.6% variation to the budget. The underspend has arisen due to the following:-

### Employee Costs – Budget Variation £23k underspend.

The budget carried forward from 2012/13 to assist with staff handover and the transfer of expertise was not used. Training and additional advice costs have been incurred in 2014/15 instead. In addition, savings were also achieved due to maternity leave.

### Other Staff Costs – Budget Variation £4k underspend.

The underspend has been brought about by the provisions made for additional work and training not being spent.

### Income – Budget Variation £3k underachievement against budget.

St Catherine's Hospice required less audit work than was originally anticipated.

## Joint Procurement Strategy (JPS) 2009-2014 Efficiency Savings

One of the key actions of the JPS is to achieve procurement savings targets of £500,000 (cumulative) at each Council over the extended 5 year strategy period. The team are involved in procurement and tendering processes across a wide variety of spend areas.

Council	Savings Achieved £000	Examples of Contracts and Spend Areas
SRBC	979	Vehicles; Wheelie Bins; Insurances; Stationery; Herbicides; Telephones; Playground Equipment; Dog Kennelling; Tools and Equipment, Bedding Plants; Building Works; Banking Services; Car Park Enforcement; Washroom Services.
CBC	808	
<b>Total</b>	<b>1,787</b>	<b>Average £179k per annum per authority</b>

## APPENDIX 1 – KEY SERVICE DEVELOPMENTS 2013/14

### PARTNERSHIP LEVEL

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Staff Engagement	SG/GB	On-going	On-going	<ul style="list-style-type: none"> <li>• Review findings of staff surveys</li> <li>• Consult/fact finding with staff</li> <li>• Facilitates contributions from staff</li> <li>• Agree outcome and actions with staff</li> <li>• Implement any changes required and recommendations agreed</li> </ul>	GREEN	On track
Achieve the budget savings target set for the partnership	SG	On-going	On-going	<ul style="list-style-type: none"> <li>• Continual review of the budget for SFS and SAS and resources requirement.</li> <li>• Identify different ways of working to achieve greater efficiency in delivering the service</li> <li>• Amend the staffing structure if required following the Councils' relevant policies</li> <li>• Consult with stakeholders</li> <li>• Link project to development of managers and staff and plan for succession below</li> </ul>	GREEN	Completed
Seek out viable opportunities to grow the Partnership	SG/GB	On-going	On-going	Continual review of opportunities throughout the year	GREEN	On track
Further develop managers and staff and plan for succession	SG/GB	On-going	On-going	Implementation of the new staffing structures	GREEN	On track

## SHARED ASSURANCE SERVICES

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Internal Audit</b>						
Arrange training for any new Governance Committee members for 2013/14	GB	April 2013	June 2013	To be arranged	GREEN	Completed
Support the 2013 Annual Governance Statement process under revised CIPFA & SOLACE guidance	DH	April 2013	June 2013	Revise corporate assessment pro-forma Undertake corporate & service assessments	GREEN	Completed
Revise the Quality Operating Procedures to encompass the new Public Sector Internal Auditing Standards as they impact on Local Government	DH	April 2013	February 2014	Update procedures & train staff Obtain ISOQAR re-accreditation	GREEN	Completed
<b>Risk Management</b>						
Oversee implementation of actions arising from the Physical Risk Management Reviews & Building Inspections (SRBC/CBC)	AA	April 2013	October 2013	Agree required actions, responsibilities and timescales for completion Maintain oversight of activity and provide advice and clarification where possible	GREEN	Completed

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Emergency &amp; Business Continuity Planning</b>						
Update EP procedures in response to new Public Health Emergency Preparedness, Response and Resilience arrangements (CBC/SRBC)	AA	April 2013	June 2013	Incorporate revised arrangements within plans and procedures  Arrange suitable training and awareness for key staff	GREEN	Completed
Complete biannual testing of EP communications equipment located at (CBC/SRBC)	AA	April 2013	October 2013	Undertake testing for effective operation of: <ul style="list-style-type: none"> <li>• Satellite Phones</li> <li>• Radio Transmitters</li> <li>• Hand Held Radios</li> <li>• EP Laptops</li> </ul>	GREEN	Completed
Conduct an out of hours contact exercise for the following (SRBC/CBC): <ul style="list-style-type: none"> <li>• Emergency Plan</li> <li>• BCP</li> <li>• Flood Response Plan</li> <li>• Birkacre Reservoir Plans</li> </ul>	AA	November 2013	December 2013	Telephone all contacts named in the various plans out of hours & incorporate an "activation test" for each plan	GREEN	Completed
Assist LCC to develop Off-Site Reservoir Plans for Rivington & Lower Rivington to meet the requirements of the Flood and Water Management Act (CBC)	AA	May 2013	October 2013	Agree timetable, meetings and expected outputs  Deliver agreed actions	GREEN	Completed

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Insurance</b>						
Transfer responsibility for the administration of engineering inspections to Steetscene (CBC) Neighbourhoods (SRBC) & Property Services (CBC/SRBC) utilising the ZM "CRIMSON" electronic database.	AA	April 2013	June 2013	<p>Develop proposal and procedures for implementation</p> <p>Liaise with appropriate Managers and staff to agree arrangements</p> <p>Arrange for ZM CRIMSON training sessions for operational staff.</p> <p>Undertake monitoring period prior to transfer sign off</p>	GREEN	Completed
Introduce a common insurance administration process following the service restructure	AA	April 2013	September 2013	<p>Develop unified record keeping procedures for manual files and documents</p> <p>Revise the electronic folder structure on the shared insurance drive</p> <p>Revise staff procedural guidance</p>	GREEN	Completed
Oversee the risk management activities undertaken by insurance providers	AA	April 2013	December 2013	<p>Zurich Municipal</p> <ul style="list-style-type: none"> <li>• Event RM training (CBC/SRBC)</li> <li>• RM inspection training (CBC)</li> <li>• Water &amp; Open spaces report (CBC)</li> <li>• Partnership &amp; Procurement RM (SRBC)</li> </ul>	GREEN	Completed

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Oversee procurement of new Insurance Broker under a combined agreement (SRBC/CBC)	AA	June 2013	December 2013	<p>Produce procurement plan, agree selection criteria, finalise proposal documentation &amp; arrange publication.</p> <p>Assess responses using cost and quality criteria and interview shortlist of candidates</p> <p>Appoint successful candidate (November 2013)</p> <p>Implementation 1st January 2014</p>	GREEN	<p>Now postponed until 2014-15 with the agreement of both CEO's. Agreement has been reached with the existing provider JLT to extend their contract by 12 months. The current contract is only £6k p.a. and the quality of service is now good. More importantly the delay will enable the next broker appointment to be made in order to support the main tender for insurance policies which terminate at the end of the 2014 calendar year.</p>
Oversee annual Insurance Policy renewals (CBC/SRBC)	AA	September 2013	December 2013	<p>Complete the assimilation of all renewal information and submit to /liaise with the Insurers/Broker</p> <p>Participate in renewal meetings and assist with the generation and checking of renewal reports and premium information</p>	GREEN	Completed



## SHARED FINANCIAL SERVICES

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Financial Services As A Whole</b>						
Development of the current level/programme of financial training packages for Members and Budget Holders to include use of systems, process improvement and financial management techniques.	Head of Service	April 2013	March 2014	<ul style="list-style-type: none"> <li>Identify priority issues for customers and Shared Services</li> <li>Consult customers</li> <li>Produce packages</li> <li>Deliver training</li> <li>Develop self-service continual training via intranets</li> </ul>	AMBER	<p>Due to:</p> <ul style="list-style-type: none"> <li>work-plans and set timetables for delivering budget setting and closure of accounts processes,</li> <li>implementing key system upgrades,</li> <li>allocating time to new funding arrangements,</li> </ul> <p>this project has not been completed in 2013/14 and has been included in the 2014/15 BIP.</p>
Transition to new external audit arrangements.	Head of Service	April 2013	March 2014	<ul style="list-style-type: none"> <li>Engage with new External Auditor to establish effective and appropriate relationship</li> <li>Establish and familiarisation with new requirements</li> <li>Review processes and systems in order to satisfy the requirements of the new auditor's requirements</li> <li>Plan for introduction of new external audit staff in anticipation of their staff rotation practices</li> </ul>	Complete	<p>Regular meetings and communications between HOS SFS and the External Auditors have taken place. The external audit of both Councils' Statement of Accounts (SOA) has been concluded with very positive feedback received from Grant Thornton staff. This positive feedback included the quality of working papers supporting the SOA and also the speed and quality of responses to queries posed.</p>

Project / Task	Lead Officer	Start Date	Finis h Date	SMART Targets / Actions & Milestones	Status	Update
<p>Council Medium Term Financial Strategy and Base Budget Reviews – Embed the role of the new post in Council transformational processes and programmes which are involved with maximising cost efficiency.</p>	<p>Head of Service and Management Accountant – Corporate Transformation</p>	<p>April 2013</p>	<p>March 2014</p>	<ul style="list-style-type: none"> <li>• Establish effective relationships and roles within the transformation projects within each council</li> <li>• Introduce a SFS process to monitor progress and report performance to each Councils CFO/CEO in terms of both:               <ol style="list-style-type: none"> <li>1. The role itself</li> <li>2. The transformation</li> <li>3. Programmes in each council</li> </ol> </li> </ul>	<p>GREEN</p>	<p>On track – this role will be further developed as both Councils' MTFSS contain budget efficiency programmes in order to deliver sustainable and balanced budgets. New funding regimes, and thus embedding new monitoring processes, will also play a key role in staff development. This requires involvement in new and complex technical areas such as Business Rating systems and other financial and non-financial internal and external processes e.g. Valuation Office Agency (VOA).</p>
<p>Data use and storage policy for SFS to improve current practices and secure financial data within both Councils. This project will also include gearing up financial files for the implementation of Sharepoint at CBC.</p>	<p>Head of Service</p>	<p>April 2013</p>	<p>March 2014</p>	<ul style="list-style-type: none"> <li>• Establish requirements of data access and storage in the light of new ICT development</li> <li>• Produce data storage policy that enables SFS to adhere to both Councils' data storage policies</li> <li>• Ensure the security &amp; integrity of key financial files (electronic &amp; paper) to ensure that information cannot be corrupted or removed inappropriately</li> </ul>	<p>GREEN</p>	<p>On track – work is focussed on establishing a safe and secure protocol. SFS have requirements in respect of technical working papers that are unique to the service. This work will include detailed procedures and controls to effectively manage storage and retrieval of data storage files to maintain data integrity.</p>

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<b>Management and Financial Accountancy Services (incorporating FMIS Development function)</b>						
<p><b>Review of Management Accountancy processes post FMIS implementation (including specifically the Internal Recharges and commitment accounting regimes for both Councils) with a view to establishing a common basis for methodology, calculation, and Budget Holder &amp; corporate reporting.</b></p> <p><b>Project to include review of management of the establishment and Payroll systems – this is directly linked to the development of FMIS project.</b></p>	Principal Management Accountants	April 2013	October 2014	<ul style="list-style-type: none"> <li>• Consult with CFO</li> <li>• Re-evaluate current process with statutory requirements</li> <li>• Construct proposed process and new systems</li> <li>• Co-ordinate with FMIS development plan project</li> <li>• Consult with stakeholders: Members (portfolio holder), senior management teams and budget holders</li> <li>• Produce procedures notes and protocols</li> <li>• Determine and deliver communications/briefings/training as appropriate</li> </ul>	RED	<p>The issue regarding this project is in regard to delivering all the final outcomes to the deadline set. The objectives and outcomes of the project, therefore, remain unchanged. In the first instance staff changes at a senior level within SFS impacted on progression. Secondly, to effectively manage this project within existing resources, the planned schedule of review and change should mirror the accounting cycle. This enables new systems and processes to be assessed and tested in real time. Unfortunately the release of the new Budget Module from the supplier was delayed. This project is now part of the 2014/15 BIP and is progressing well.</p>
<p><b>Review of core accounting system and process controls compliance</b></p>	Principal Financial and Management Accountants and Principal Financial & Systems Accountant	April 2013	March 2014	<ul style="list-style-type: none"> <li>• Review all controls within accountancy processes and routines</li> <li>• Evaluate adequacy and compliance/ non-compliance</li> <li>• Evaluate efficiency of control processes and automate where possible using FMIS</li> <li>• Report to HOS findings with recommendations for strengthening controls and re-enforcing compliance where required including any training requirements</li> <li>• Update procedures notes if required and communicate to staff and provide required training</li> </ul>	GREEN	<p>On track – this project was extended and developed into a more detailed review of exchequer process controls at the requested of HOS SFS. This is to ensure that there are no disconnections between all functions involved in the end to end processes (of which the role of the exchequer function is just a part). This extension is now included within the 2014/15 BIP and closely linked to the Systems Development Programme for the service in 2014/15.</p>

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<p>Implementation of the new banking arrangements with a review of internal banking processes and systems to align arrangements across both Councils.</p>	<p>Principal Financial Accountant</p>	<p>April 2013</p>	<p>March 2014</p>	<ul style="list-style-type: none"> <li>Review all internal systems and processes relating to both Councils' banking services</li> <li>Evaluate efficiency of both Councils' systems/processes and make recommendations where alignment can be achieved to improve productivity and efficiency</li> </ul>	<p>GREEN</p>	<p>The issue regarding this project is with the timescale, the objective and outcomes of the project remain unchanged. Priority has been assigned to higher risk budget issues e.g. BRR. To achieve maximum efficiency with regard to project management the project has been aligned to the review of Management Accountancy processes.</p>
<p>Successful implementation of the FMIS Development Plan</p> <p>With particular focus on the review and development of the following processes and systems and to achieve effective and efficient self-serve functionality: Payroll services Debtors and creditors</p>	<p>Financial Systems Manager</p>	<p>April 2013</p>	<p>March 2014</p>	<ul style="list-style-type: none"> <li>Identify the timescales, resources and priorities within the plan</li> <li>Approval of the plan by the Councils' CFOs</li> <li>Link and co-ordinate projects with management Accountancy processes project</li> <li>Consult with users and Council's ICT sections</li> <li>Use the Council's project management methodology</li> <li>Successfully implement the developments within the financial systems development plan</li> <li>Establish productivity gain measures where possible for each system improvement strand</li> <li>Ensure all financial data complies with the Councils' Data Quality policies</li> </ul>	<p>GREEN</p>	<p>On track</p>

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Review of the Treasury Consultants and Advisors Contract.	Principal Financial Accountant	July 2012	Sept 2013	<ul style="list-style-type: none"> <li>Review current arrangement and assess appropriateness</li> <li>Cross reference project with training project in this BIP</li> <li>Document alternative arrangements</li> <li>Determine the best course of action to CFO on service provision options to extend contract arrangements or undertake a re-tender exercise</li> </ul>	GREEN	COMPLETE. Sector is now known as <i>Capita Asset Services – Treasury Solutions</i>
<b>Procurement Services</b>						
Review and update of Joint Procurement Strategy (JPS) in preparation for its renewal in 2014	Principal Procurement Officer	July 2013	March 2014	<ul style="list-style-type: none"> <li>Review current JPS and recommend revisions</li> <li>Cross reference project with training project in this BIP</li> <li>Consult with key stakeholders</li> <li>Update JPS with agreed amendments and updates</li> <li>Get revised JPS approved</li> <li>Communicate new JPS and provide training where necessary</li> </ul>	GREEN	The Joint Procurement Strategy was originally adopted for a 3 year period at SRBC and CBC in July 2009 and September 2009 respectively. This was later updated and extended to a 5 year strategy life and is now due to expire during Summer 2014. The approach and focus of the strategy has been reviewed and moving forward a new draft 3 year strategy is now proposed to be submitted to the senior officer teams at both authorities for consultation during Summer 2014 and subsequent formal approval. Please refer to the attached briefing notes for further information attached at Appendices A and A1.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Development of a comprehensive staff guide to procurement to support the pocket guide already in existence	Principal Procurement Officer	April 2013	June 2013	<ul style="list-style-type: none"> <li>Review current guidance for updates and evaluate effectiveness to improve and user friendliness</li> <li>Cross reference project with training project in this BIP</li> <li>Consult with key stakeholders</li> <li>Develop new guide</li> <li>Circulate for specialist advice e.g. Legal/Equality to ensure full compliance whilst relevant and proportionate.</li> <li>Update and finalise</li> <li>Seek approved of new guide</li> <li>Communicate new document and provide training where necessary</li> </ul>	GREEN	COMPLETE
Implementation of Fairtrade Town at CBC	Principal Procurement Officer	April 2013	March 2014	<ul style="list-style-type: none"> <li>Research the goals to be achieved and map out a route and timetable by which these can be achieved</li> <li>Communicate to key stakeholders</li> <li>Engage with relevant colleagues and partners</li> <li>Ensure Communications Plan is agreed and approved and delivered</li> <li>Review and revise all relevant policies</li> </ul>	GREEN	A Fairtrade Steering Group has been established since June 2013 and the inaugural AGM was held in March 2014. The group includes voluntary members from a range of sectors including voluntary organisations, Chorley residents, schools, faith groups, Runshaw college, trade and CBC councillors and parish councillors. The group meets monthly and co-ordinates actions, events and activities to meet the targets required to achieve Fairtrade Town Status. Whilst the Principal Procurement Officer supports the Group and has developed a detailed Action Plan and Progress Register, it will be the Group's decision when to submit a formal application for Town status.

## APPENDIX 2 – PERFORMANCE TARGETS 2013/14

### SHARED ASSURANCE SERVICES

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2012/13	Target 2013/14	Target to date 2013/14	Actual to date 2013/14	Status	Comments
<b>Internal Audit</b>								
% Planned Time Utilised	DH	CBC	84%	90%	90%	94%	GREEN	Target exceeded
		SRBC	82%	90%	90%	94%	GREEN	Target exceeded
		SS	81%	90%	90%	71%	RED	2 Internal Audit reviews were undertaken by External Audit
% Audit Plan Completed	DH	CBC	82%	100%	100%	88%	RED	2 audits were postponed
		SRBC	87%	100%	100%	92%	RED	1 audit was postponed
		SS	100%	100%	100%	100%	GREEN	Target achieved
Percentage of Management Actions Agreed	DH	CBC	98%	98%	98%	98%	GREEN	Target achieved
		SRBC	96%	98%	98%	100%	GREEN	Target exceeded
		SS	100%	98%	98%	100%	GREEN	Target exceeded
% customer satisfaction rating – assignment level	DH	CBC	88%	90%	90%	94%	GREEN	Target exceeded

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2012/13	Target 2013/14	Target to date 2013/14	Actual to date 2013/14	Status	Comments
		SRBC	96%	90%	90%	94%	GREEN	Target exceeded
		SS	100%	90%	90%	94%	GREEN	Target exceeded
<b>Insurance</b>								
Average customer satisfaction score per insurance claim (max 5.0)	AA	N/A	4.7	4.7	4.7	4.7	GREEN	Target achieved



## SHARED FINANCIAL SERVICES

Key Measures	Lead Officer	Actual 2012/13	Target 2013/14	Target to date 2013/14	Actual to date 2013/14	Status	Comments
<b>Finance As A Whole</b>							
<b>Financial Services Staff Satisfaction</b>	<b>SG</b>	<b>91% (11/12)</b>	<b>95%</b>	<b>95%</b>	<b>85%</b>	<b>RED</b>	<b>This equates to 3 people, two who were neither satisfied nor dissatisfied. The partnership has a project specifically aimed at staff engagement. A presentation has been made to staff with open and honest feedback received. Intervention sessions and actions are in the planning stage.</b>
<b>% of professionally qualified finance staff as % of total finance staff (vfm Secondary 1)</b>	<b>SG</b>	<b>28%</b>	<b>19%</b>	<b>19%</b>	<b>28.6%</b>	<b>GREEN</b>	<b>Target exceeded</b>
<b>Accountancy</b>							
<b>Over/Underspends within 1% of manageable/cash revenue budget</b>	<b>SG</b>	<b>4.8%</b>	<b>&lt; (+/-) 1.0%</b>	<b>&lt; (+/-) 1.0%</b>	<b>5.15%</b>	<b>RED</b>	<b>2013/14 was an unprecedented year compared to others since the inception of SFS in so far as officers have dealt with a new and very complex funding arrangement in the form of Business Rates Retention (BRR). The position has been exacerbated by the very late confirmation of the legal and technical frameworks by which this high value funding stream will operate. Therefore there has been no guidance to interpret when making budgetary assumptions and forecasts. In addition, both Councils received s31 grant in respect on Small Business Rates Relief. Again, the actual amounts to be received were only disclosed late in the year of receipt. The purchase of Market Walk has also made a significant contribution to the level of underspend at Chorley as its net income level significantly exceeded its expected target.</b>

Key Measures	Lead Officer	Actual 2012/13	Target 2013/14	Target to date 2013/14	Actual to date 2013/14	Status	Comments
% variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3)	SG	4.6%	< (+/-) 5.0%	< (+/-) 5.0%	-8.2%	RED	The explanation above also applies to the movement from the projected outturn as at September 2013 to the end of March 2014. That is, the financial impact of S31 grant receipts and the purchase of Market Walk, have both had a positive effect by increasing income.
15 working days from period-end closure to the distribution of financial reports (VFM Primary 2)	MC/JB	100%	100%	100%	100%	GREEN	Target achieved
Compliance with the Prudential Code for Capital Finance in Local Government – amended KPI ref: June Joint Committee	MLJ	100%	100%	100%	100%	GREEN	Target achieved
Statutory Grant Claims and Returns to be submitted on time	MJ/JB/MC	97.4%	100%	100%	95.83%	RED	3 out of 72 returns at the beginning part of the year were submitted late. Corrective action taken has been effective thereafter.
Achievement of industry investment benchmarks	MLJ	Target = 0.43% Achieved = 1.30%	Out perform London Inter Bank Bid Rate (LIBID) by 10%	Out perform London Inter Bank Bid Rate (LIBID) by 10%	Target = 0.37% Actual = 0.94%	GREEN	Target exceeded
Year- end statutory accounts to contain no material errors and have an unqualified audit opinion	SG	0	0	0	1	RED	One material misstatement occurred in the SOA for CBC in 2011/12. Although the value of £1.750m puts it in the material category the correction was to merely re-classify a provision as a reserve. This correction did not affect the financial position of the Council. It was a pro-active amendment made by SFS in 2013/14 as part of the 2012/13 close down process prior to the audit. It was not was not an error that was discovered as part of the external audit process.

Key Measures	Lead Officer	Actual 2012/13	Target 2013/14	Target to date 2013/14	Actual to date 2013/14	Status	Comments
<b>Systems Development &amp; Exchequer Services</b>							
Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10)	LH	98.54%	98%	98%	99.21%	GREEN	Target exceeded
Supplier Payment within 10 days (local indicator) – target 60% in 12/13	LH	82.70%	70%	70%	80.23%	GREEN	Target exceeded
% of supplier payments by electronic means (VFM Secondary 7)	LH	95.14%	95%	95%	98.10%	GREEN	Target exceeded
% of remittances to suppliers by electronic means – target 95% in 12/13	LH	98.58%	98%	98%	100%	GREEN	Target exceeded
% of Financial Systems availability	LH	99.98%	99.5%	99.5%	99.93%	GREEN	Target exceeded
<b>Procurement Services</b>							
Professionally qualified staff as % of total procurement employees (vfm Secondary 1)	JH	100%	50%	50%	100%	GREEN	Target exceeded
LIB/P12 Satisfaction with the corporate procurement function	JH	97%	90%	90%	100%	GREEN	Target exceeded