

REPORT TO	DATE OF MEETING
Shared Services Joint Committee	26 th January 2015



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Performance Management Report	N/A	Susan Guinness Garry Barclay	4

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report demonstrates the progress made so far against the key service developments and performance indicators in the 2014/15 Business Improvement Plan (BIP).

The report shows progress as at the **end of December 2014** and therefore covers the first **9 months** of the year.

The report also sets out the Partnership's projected out-turn financial position to the end of this financial year.

The Shared Services Partnership is a high corporate priority for both Councils.

RECOMMENDATIONS

That members note the progress on overall performance and comment as appropriate on the 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 translates these outputs and measures into specific deliverables and targets which need to be achieved during 2014/15.

Full statements of the progress made on the key projects and the performance targets as at the end of December 2014 are shown in **Appendices One** and **Two**. The highlights from these statements are expanded upon in the body of the report.

EXECUTIVE SUMMARY

20 of the partnership's **22** key projects for this year have been completed or are on track and plans are in place to address the remaining **2**.

2 of the **32** performance measures are at "red" status. Explanations for these are provided below.

The Partnership is also operating well within its approved budget and is currently expected to achieve an under-spend against its budget by the end of the financial year of **£0.052m**. An analysis of variations is shown later in the report.

KEY SERVICE DEVELOPMENTS

There are **22** key projects included in the BIP which represent service developments for 2014/15. Using a traffic light system, the progress is summarised in the table below.

Detail	Partnership Level	Assurance Services	Financial Services
Green Projects - on track	2	11	7
Amber Projects	0	0	1
Red Projects	0	1	0
Total	2	12	8

ASSURANCE SERVICES PROJECTS

Red Projects

There is only 1 project with a “red status” to bring to members’ attention as follows:

Review the operation of both host authorities’ Governance Committees in respect of revised CIPFA Guidance on the Role of Audit Committees.

This will be now be undertaken as part of each Council’s annual governance review in April and any actions arising will feed into the Annual Governance Statement Action Plans for 2015-16.

Any resulting changes to the operation of the Governance Committees will therefore coincide with the appointment of new Committee members following the May elections.

Amber Targets

There are no amber projects to report.

FINANCIAL SERVICES PROJECTS & BUSINESS PERFORMANCE

Red Projects

There are no red projects to report.

Amber Targets

The e-budgeting module is a fundamental component part of this project and facilitates many of the changes to procedures and core accounting tasks and projects. It is a new module within FMIS and is currently experiencing a technical bug. CIVICA are working closely with us to refine the module and also correct such bugs that were not detected as part of their development testing.

PERFORMANCE TARGETS

The partnership has **31** 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 progress against these indicators to the end of December 2014 is shown in the table below:-

Detail	Assurance Services	Financial Services
Green on target	11	11
Amber – within 5% of target	1	1
Red – more than 5% off target	1	1
Not measured (*)	3	2
Total	16	15

(*) These indicators are reported on a half-yearly or annual basis and as such the performance information of some of these measures are not within this document.

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

ASSURANCE SERVICES

Red Targets

Measure	Target to date	Actual to date	Variation
% Planned Time Utilised (CBC)	60%	51%	-9%
<i>Comments:</i> Several audit reviews are scheduled for the final quarter to accommodate service requests.			

Amber Targets

Measure	Target to date	Actual to date	Variation
Customer Satisfaction Rating – Assignment Level (CBC)	90%	89%	-1%

Comments:

This is only marginally under target and no underlying performance issues were identified in the questionnaires returned by customers.

FINANCIAL SERVICES

Red Targets

Measure	Target to date	Actual to date	Variation
Statutory Grant claims and returns to be submitted on time	100%	92.86%	-7.14%

Comments:

This equates to four returns; of which two were submitted the following working day to the deadline. The impact of dealing with the external audit during the period between 01/07/14 and 25/09/14 and new tighter deadline dates have resulted in these claims being submitted late. No further returns since these instances have been late and therefore the KPI continues to improve as the year progresses.

Amber Targets

Measure	Target to date	Actual to date	Variation
Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10)	99%	98.82%	-0.18%

Comments:

98.82% represents a very slight deviation from the target and is an excellent achievement. This level of performance makes a contribution to, and enables the councils' to support small and medium sized businesses.

BUDGET PERFORMANCE STATEMENTS

The table below compares the projected out-turn position, estimated as at 31/12/14, to the partnership's budget. The subsequent budget variations are highlighted together with any action required to bring performance back on track. The partnership's budget for 2014/15 is **£1.488m**, compared against an estimate out-turn of **£1.436m** the anticipated underspend is **£0.052m**.

Cost Category	Partnership Budget £m	Projected out-turn as at 31 st March 2015 £m	(Under) or Over Spend £m
Salaries Costs	1.305	1.263	(0.042)
Car Leasing	0.027	0.024	(0.003)
Employee Related Insurance	0.013	0.013	0.000
Lancashire County Council Audit Budget	0.012	0.012	0.000
Transport	0.013	0.010	(0.003)
Financial Management Information System	0.065	0.065	0.000
Supplies and Services	0.053	0.049	(0.004)
TOTAL	1.488	1.436	(0.052)

Estimated Budget Variations

The projected out-turn position, as summarised above, is £1.436m.

Comparing the projected year end out-turn to the budget, the service has achieved an underspend of 52k. This equates to a 3.5% variation to the budget. The total underspend has arisen due to the following:-

Employee Costs (Budget Variation £42k underspend) – this is mainly due to vacant posts and projected underspending on staff and maternity leave. Staff turnover and a variation on assumptions previously made on the cost of temporary cover have resulted in the movement from the previous report.

Car Leasing (Budget Variation £3k underspend) – a budget provision for the post of Principal Management Accountant was made, however, the budget is not required as the post was appointed to on a temporary contract basis.

Transport (Budget Variation £3k underspend) - Smaller variances on budgets such as mileage and travel expenses.

Supplies and Services (Budget Variation £4k underspend) – this is an amalgam of small variances over a range of budgets, for example, stationery, publications and disposal of records.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of the Shared Services performance management arrangements, and the table below shows any implications in respect of each of the following areas.

FINANCIAL	The wider implication of the financial performance of the Partnership is the full year impact on both Councils' Medium Term Financial Strategies. Any under-spend achieved at year end against the Partnership's budget will be passed on in total to both Councils by means of a reduced recharge.		
LEGAL	The partnership has been established with an informal structure which has low complexity and a low cost set up. The Shared Services Joint Committee, established under Section 101 of the Local Government Act 1972, provides the overall governance for this with its terms being set out in an Administrative Collaborative Agreement which has been signed by both Councils. Sound performance management arrangements are required to enable the Shared Services Joint Committee to effectively fulfil its obligations. Schedule 1 to this Agreement sets out the Service Level Agreements which form a key part of the performance management arrangements.		
RISK	A full risk assessment is set out in the Partnership Business Improvement Plan for 2014/15.		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Partnership Business Improvement Plan 2014/15

KEY SERVICE DEVELOPMENTS 2014/15

PARTNERSHIP LEVEL

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Staff Engagement and further manager development for succession planning	SG/GB	Ongoing	Ongoing	<ul style="list-style-type: none"> • Review findings of staff surveys • Consult/fact finding with staff • Facilitates contributions from staff • Agree outcome and actions with staff • Implement any changes required and recommendations agreed 	GREEN	On track
Seek out viable opportunities to grow the Partnership	SG/GB	Ongoing	Ongoing	Continual review of opportunities throughout the year	GREEN	On track

SHARED ASSURANCE SERVICES

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Internal Audit						
Arrange training for any new Governance Committee members following the May elections	GB/DH	April 2014	June 2014	Identification of new members training needs Delivery of appropriate training materials	GREEN	Completed
Prepare the 2014 Annual Governance Statements in accordance with revised CIPFA & SOLACE guidance	GB/DH	April 2014	June 2014	Revise policies, procedures and corporate assessment pro-formas Undertake assessments & produce the AGS	GREEN	Completed
Review the operation of both host authorities' Governance Committees in respect of revised CIPFA Guidance on the Role of Audit Committees	GB/DH	June 2014	Sept 2014	Review arrangements with regards to the new Guidance Prepare reports & action plans for both Governance Committees	RED	This will be undertaken as part of each Council's annual governance review and any actions arising will feed into the Annual Governance Statement action plans.
Risk Management						
Co-ordinate actions arising from the Internal Audit review of service level risk management	AA	June 2014	December 2014	Identification of any areas that are non-compliant with agreed procedures Re-enforcement & monitoring of agreed procedures	GREEN	On track
Oversee the risk management activities undertaken by insurance providers	AA	April 2014	December 2014	Arrange & facilitate new programmes for 2014	GREEN	On track

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Emergency & Business Continuity Planning						
Transfer EP/BCP documents to the SharePoint management information system (CBC)	AA	April 2014	December 2014	TBA	GREEN	On track
Support the Scrutiny Committee review of Flooding (SRBC)	AA	June 2014	March 2015	TBA	GREEN	Completed
Undertake an EP Contact Centre simulation exercise at each council (SRBC/CBC)	AA	September 2014	March 2015	Arrange the event and deliver the training session Complete a post exercise debrief & implement learning from the exercise	GREEN	On track
Insurance						
Oversee procurement of a new insurance broker under a combined agreement (SRBC/CBC)	AA	April 2014	July 2014	Produce procurement plan, agree selection criteria, finalise proposal documentation & obtain approval Assess responses using cost and quality criteria Appoint successful candidate	GREEN	Both South Ribble and Chorley currently have Long Term Agreements (LTA's) for insurance which were established on a "3+2" basis, i.e. for an initial 3 years with a 2 year extension option. 2014 was year 3 of the LTA's and both Councils' insurers indicated that they would offer the 2 year extension. Given that the insurance market is "hardening" both CEO's agreed that we should continue to work with the existing broker Jardine Lloyd Thompson to facilitate the extension process. To comply with Contract Procedure Rules each Cabinet received a report and approved the LTA extensions.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Work with the insurance broker to develop a Risk Financing Strategy for each host authority for implementation from 1 st January 2015 (SRBC/CBC)	AA	July 2014	December 2014	Identify and evaluate the alternative risk financing options available on a risk by risk basis, including traditional insurance procurement and self-insurance options Produce a report making recommendations for CEO consideration and member approval.	GREEN	See above
Oversee procurement of new insurance covers to take effect from 1 st January 2015 (SRBC/CBC)	AA	July 2014	December 2014	Produce procurement plan, agree selection criteria, finalise proposal documentation & obtain approval Assess responses using cost and quality criteria Appoint successful bidders	GREEN	Completed
Oversee annual Insurance Policy renewals (CBC/SRBC)	AA	September 2014	December 2014	Complete the assimilation of all renewal information and submit to /liaise with the Insurers/Broker Participate in renewal meetings and assist with the generation and checking of renewal reports and premium information	GREEN	On track

SHARED FINANCIAL SERVICES

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Financial Services As A Whole						
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 2014	March 2015	<ul style="list-style-type: none"> Identify priority issues for customers and Shared Services Consult customers Produce packages Deliver training Develop self-service continual training via intranets 	GREEN	
Management and Financial Accountancy Services (incorporating FMIS Development function)						
Review of data interrogation in respect of all financial systems to ensure that full functionality is being utilised and data manipulation outwith systems is minimised.	Head of Service	July 2014	March 2015	<ul style="list-style-type: none"> Identify all key points of data extraction and management information reporting Identify where data is extracted at a high level and needs to be expanded to provide information and reconciliation data and therefore improve process controls and information required for informed decision making Identify where data needs to be manipulated outwith systems to achieve the desired output Develop system reporting and data extraction routines that achieve appropriate output without additional manipulation 	GREEN	

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<p>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 & corporate reporting.</p> <p>Project to include review of management of the establishment and Payroll systems – this is directly linked to the development of FMIS project.</p>	Principal Management Accountants	April 2013	March 2015	<ul style="list-style-type: none"> • Consult with CFO • Re-evaluate current process with statutory requirements • Construct proposed process and new systems • Co-ordinate with FMIS development plan project • Consult with stakeholders: Members (portfolio holder), senior management teams and budget holders • Produce procedures notes and protocols • Determine and deliver communications/briefings/training as appropriate • Review output and outcomes with regard to reporting including frequency, content and formats 	AMBER	<p>The e-budgeting module is a fundamental component part of this project and facilitates many of the changes to procedures and core accounting tasks and projects. It is a new module within FMIS and is currently experiencing a technical bug. CIVICA are working closely with us to refine the module and also correct such bugs that were not detected as part of their development testing.</p>
Review of core accounting system and process controls compliance	Principal Financial and Management Accountants and Principal Financial & Systems Accountant	April 2014	March 2015	<ul style="list-style-type: none"> • Review all controls within accountancy processes and routines • Evaluate adequacy and compliance/ non-compliance • Evaluate efficiency of control processes and automate where possible using FMIS • Report to HOS findings with recommendations for strengthening controls and re-enforcing compliance where required including any training requirements • Update procedure notes if required and communicate to staff • Provide training where required 	GREEN	On Track

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<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>To also include a review of all of the current products available to ensure that the system best supports the whole ICT infrastructure and strategies at both Councils.</p>	Financial Systems Manager	April 2014	March 2015	<ul style="list-style-type: none"> Identify the timescales, resources and priorities within the plan Approval of the plan by the Councils' CEOs/CFOs Link and co-ordinate projects with management Accountancy processes project Consult with users and Council's ICT sections Use the Council's project management methodology Successfully implement the developments within the financial systems development plan Establish productivity gain measures where possible for each system improvement strand Ensure all financial data complies with the Councils' Data Quality policies 	GREEN	On Track
Procurement Services						
Renew Joint Procurement Strategy (JPS)	Principal Procurement Officer	April 2014	August 2014	<ul style="list-style-type: none"> Cross reference project with training project in this BIP Consult with key stakeholders Update JPS with agreed amendments and updates taking account of the improved procurement environment within both Councils following on from improvements made post Shared Services implementation Get revised JPS approved Communicate new JPS and provide training where necessary 	GREEN	Complete

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Waste Contract Procurement Process at SRBC	Principal Procurement Officer	April 2014	November 2014	<ul style="list-style-type: none"> • Drafting/Managing OJEU, PQQ, ITT, Evaluation Documentation • Key member of project team • Publish OJEU • Publish PQQ • Support Evaluation PQQ Team Process • Support entire process including all contact with bidders through the Chest • ITT Issue • Support ITT Evaluation Team Process • Notification/Standstill letters • Contract award 	GREEN	<p>This Procurement of the waste contract renewal process is near its conclusion as the evaluation process is complete. The project is now at the approval stage. The Principal Procurement Officer has played a key role and has been heavily involved throughout this procurement process which is a high profile front line service.</p>
Implementation of Fairtrade Town at CBC	Principal Procurement Officer	April 2014	August 2014	<ul style="list-style-type: none"> • Arranging meetings, agendas, taking minutes • Develop, update and manage action plan • Manage Chorley Fairtrade Group website • Manage and maintain progress/evidence for subsequent application • Support application process, date to be determined by the Group but potentially Summer 2014 	GREEN	<p>Complete - The Principal Procurement Officer continues to support the Chorley Fairtrade Group (CFG) and prepared the successful application. CBC has now been awarded Fairtrade Town status and the Procurement Team won a Chief Executive award for their invaluable contribution.</p>

PERFORMANCE TARGETS 2014/15

SHARED ASSURANCE SERVICES

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2013/14	Target 2014/15	Target to date 2014/15	Actual to date 2014/15	Status	Comments
Internal Audit								
% Planned Time Utilised	DH	CBC	82%	90%	60%	51%	RED	Several reviews are scheduled for the final quarter.
		SRBC	85%	90%	60%	60%	GREEN	Target achieved
		SS	90%	90%	45%	50%	GREEN	Target exceeded
% Audit Plan Completed	DH	CBC	68%	100%	50%	50%	GREEN	Target achieved
		SRBC	67%	100%	54%	54%	GREEN	Target achieved
		SS	100%	100%	0%	0%	GREEN	Work scheduled for final quarter
Percentage of Management Actions Agreed	DH	CBC	100%	98%	98%	100%	GREEN	Target exceeded
		SRBC	100%	98%	98%	100%	GREEN	Target exceeded
		SS	100%	98%	0%	0%	GREEN	Work scheduled for final quarter

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2013/14	Target 2014/15	Target to date 2014/15	Actual to date 2014/15	Status	Comments
% customer satisfaction rating – assignment level	DH	CBC	93%	90%	90%	89%	AMBER	Slightly under target
		SRBC	87%	90%	90%	93%	GREEN	Target exceeded
		SS	94%	90%	90%	97%	GREEN	Target exceeded
Total Cost of Internal Audit as a % of Organisational Running Costs / Expenditure	GB	N/A	8.28%	8.28%	N/A	N/A	NOT MEASURED	Annual Indicator
% Professionally Qualified Staff as a % of Total Internal Audit Staff (FTE's)	GB	N/A	82.5%	82.5%	N/A	N/A	NOT MEASURED	Annual Indicator
Risk Management Services								
Total Cost of the Risk Management Function as a % of Organisational Running Costs / Expenditure	GB	N/A	4.12%	4.12%	N/A	N/A	NOT MEASURED	Annual Indicator
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 2013/14	Target 2014/15	Target to date 2014/15	Actual to date 2014/15	Status	Comments
Finance As A Whole							
Financial Services Staff Satisfaction	SG	85%	95%	95%	Not measured yet	N/A	The staff survey is not being completed for Chorley Council in 2014.
% of professionally qualified finance staff as % of total finance staff (vfm Secondary 1)	SG	28.6%	18%	18%	24.15%	GREEN	Target exceeded
Accountancy							
% variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3)	SG	-8.2%	5%	5%	Measured at year end	N/A	
15 working days from period-end closure to the distribution of financial reports (VFM Primary 2)	MC/JB	100%	100%	100%	100%	GREEN	On Target
Compliance with the Prudential Code for Capital Finance in Local Authorities	MJ	100%	100%	100%	100%	GREEN	On Target
Year- end statutory accounts to contain no material errors and have an unqualified audit opinion	SG	1	0	0	0	GREEN	Complete and achieved
Statutory Grant Claims and Returns to be submitted on time	MC/JB/MJ	95.83%	100%	100%	92.86%	RED	Equates to 4 returns out of 34
Achievement of industry investment benchmarks	MJ	Target = 0.37% Achieved = 0.94%	Outperform London Inter-Bank (LIBID) rate by 10%	0.38%	0.56%	GREEN	Target exceeded

Systems Development & Exchequer Services							
Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10)	LH	99.21%	99%	99%	98.82%	AMBER	The cumulative result for the year to the end of December is slightly under target but December's monthly result exceeded the target at 99.89%
Supplier Payment within 10 days (local indicator)	LH	80.23%	80%	80%	81.72%	GREEN	Target exceeded
% of supplier payments by electronic means (VFM Secondary 7)	LH	98.10%	95%	95%	99.13%	GREEN	Target exceeded
% of remittances to suppliers by electronic means	LH	100%	100%	100%	100%	GREEN	Target exceeded
% of Financial Systems availability	LH	99.93%	99.5%	99.5%	99.96%	GREEN	Target exceeded
Procurement Services							
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	100%	90%	90%	100%	GREEN	Target exceeded