

| REPORT TO | DATE OF MEETING |
|---------------------------------|------------------------|
| Shared Services Joint Committee | 25 January 2016 |

Report template revised June 2008



| SUBJECT | PORTFOLIO | AUTHOR | ITEM |
|--|------------------|------------------------|-------------|
| Business Improvement Plan & Budget 2016/17 | N/A | S Guinness & G Barclay | 6 |

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report summarises and explains the content of the attached Business Improvement Plan (BIP) and Budget for the Finance and Assurance Shared Services Partnership which will cover **the eighth complete financial year of its operation.**

The Committee will receive regular update reports during the course of the year highlighting the actions taken to deliver service improvements and performance targets specified in the BIP, including budget updates, culminating in a detailed Annual Report at the year-end.

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

RECOMMENDATIONS

1. That the Joint Committee recommends to the Executives of each host authority the adoption of the required resources to deliver the Shared Services Partnership in 2016/17.
2. That the Joint Committee agrees to delegate the ability to incorporate any residual information or amendments to the BIP and Budget to the Chief Executives of both host authorities in consultation with the Chair and Vice-Chair of the Committee.

DETAILS AND REASONING

Performance Management

The Committee has previously received and approved the formal Partnership Agreement incorporating 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.

The main aim of the attached BIP is to translate these outputs and measures into specific projects and targets which need to be achieved during 2016/17. These are shown in the tables at **Appendices Two and Three** of the BIP.

Other Purposes

As well as underpinning performance management the BIP fulfils the following purposes:-

- Highlighting the **main achievements** in 2015/16 within the Partnership;
- A **Risk Register** for identifying and acting upon the key risks and opportunities facing the Partnership in 2016/17;
- A **Financial Plan (Budget)** to facilitate the effective financial management of the Partnership;
- A **Contracts Register** to acknowledge that many of the Partnership's main services are delivered through or in association with other organisations;
- An outline of the main areas of **proposed procurement activity** during 2016/17;
- A summary of the **financial efficiencies** which have already been secured by the Partnership in the **first seven full financial years** of its operation;
- An outline of the **business opportunities** which it is intended to exploit in 2016/17.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of the following:

| | | | |
|---|---|---|---|
| FINANCIAL | The budget proposed for the Partnership in 2016/17 is set out in this report and has also been included in the budget setting processes at each Council for approval. | | |
| LEGAL | 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 business planning and performance management arrangements are required to enable the Shared Services Joint Committee to effectively fulfil its obligations. | | |
| RISK | A dedicated Risk Register has been produced in order to identify and mitigate the risks associated with the ongoing development of the Partnership and the latest version is incorporated within the Business Improvement Plan appended to this report. | | |
| 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> |

FINANCIAL & ASSURANCE SHARED SERVICES PARTNERSHIP

BUSINESS IMPROVEMENT PLAN 2016/17

JANUARY 2016

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KEY ACHIEVEMENTS IN 2015/16

A summary of the main service level successes achieved so far in 2015/16 are as follows:-

Shared Assurance Services Overall

Undertook a service restructure effective from April 2016 generating £38k in efficiencies (£19k per authority)

Internal Audit

Retained the ISO 9001 quality standard for Internal Audit

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

Delivered on-line fraud awareness training for over 300 officers at SRBC & CBC

Membership of the project teams for the implementation of the Single Front Office at CBC and the new Waste Collection & Recycling Service at SRBC

Risk Management

Supported Zurich Municipal to deliver Cyber Risk Management Review at SRBC/CBC and a Water and Open Spaces Risk Management Review at CBC

Emergency & Business Continuity Planning

Overhauled the SRBC Emergency Plan & Flood Plan to provide more streamlined, user friendly guidance for officers. Provided training for officers and arranging awareness for members in early 2016

Local roll out & training of Resilience Direct – national on line portal for the emergency planning community

Worked in partnership with other agencies to test and validate the “Off Site COMAH Emergency Response Plan” & programme of public awareness for the Redcliffe international munitions storage site at Heapey

Insurance

Renewal of both host councils' insurance portfolios under the current Long Term Agreements (LTA's)

Achieved the top rating following a review of insurance administration by LCC Internal Audit

Shared Financial Services

Staff Development - Successful progress towards Chartered Institute of Public Finance professional qualification.

Team Development – Implementation of new quarterly whole team sessions and working group meetings.

Liaison with the External Auditors to secure unqualified Value for Money (VfM) Conclusion at both Councils.

Successful recruitment into two key Management Accountancy posts at South Ribble and Chorley.

Support provided in response to the impact of Storm Eva on Residents:-

- Immediate out of hours service provided
- Rapid processing of emergency payments to affected residents
- Participation in county response and co-ordination group
- Negotiation of free of charge 'faster payment' transactions to residents

Participation in the Lancashire Business Rates Pooling Agreement

Interpretation and assessment of the longer term impact of the Spending Review 2015 and Local Government Finance Settlement

Management and Financial Accountancy Services

Providing the financial support for key corporate projects such as Extra Care and Market Walk extension and the ongoing financial monitoring of key and high profile budgets in Chorley.

Providing the financial support for the City Deal arrangements between South Ribble, Lancashire County Council and Preston City Council.

Closure of Accounts and production of both Councils' statutory Statement of Accounts (SOAs) to the tight required statutory deadline with no errors. This brings the total of years completed to 7 and 14 SOAs produced incorporating all national, statutory changes required. Only one error has been made during this period which did not affect the bottom line of the Council affected.

Completion of base budget review at both Councils achieving budgetary savings contributing to balancing the overall Councils' budget.

Revision and expansion of both Councils' Treasury Strategies contributing to additional income to be incorporated into the 2016/17 budget balancing actions.

Expert advice and support provided in respect of Capital Resource reviews at both councils

Procurement

Assistance providing to both Councils to achieve efficiency savings through procurement.

Professional procurement advice provided and significant level of support provided to the waste Contract renewal at South Ribble.

100% Customer Satisfaction achieved in Survey for the second year running.

Implementation of the new additional requirements of the 2015 Public Contracts Regulations

Review of the Contracts Procedure Rules

Implementation of the new version of The Chest.

Systems Development and Creditor Payments

Providing essential immediate helpdesk facilities to over 310 financial system users.

Driving the initiative to support small and medium sized businesses by paying our invoices quickly. During 2015/16 to date, 88.13% have been paid within 10 days.

Systems Development Plan – Maintaining Payment Card Industry – Data Security Standard (PCI-DSS) compliance reducing the risk of fraud for our customers and preventing financial penalties for the Council.

Upgrade of: Civica ICON (Cash Receipting) to version 14; CIVICA Financials upgrade to version 16; Upgrade of Kofax (automated invoice payments)

Implementation of: Daily bank file for CBC; Budget authorisation review and amendments for SRBC; Debtors process review and development of debt management reporting; Purchase order review and training for SRBC

NEW RISKS & OPPORTUNITIES FOR 2016/17

At the outset of the shared services partnership, the risks associated with its successful implementation were recorded in a risk register together with the proposed actions to mitigate them.

Although the majority of the original risk issues have now been mitigated, the updated risk register at **Appendix One** contains a list of the original risks where action is ongoing and progress is now part of the day to day management processes within the services to address them. In addition new and emerging risks and opportunities as the Partnership enters its eighth full year of operation are identified as part of Business Improvement Planning and acted upon.

The key risks and opportunities facing the Partnership at this stage of its development are considered to be:

- Continuing to deliver sustainable services in the light of public sector funding cuts and the longer term impact of the Spending review 2015, including seeking out viable opportunities to grow;
- Further developing managers and staff and also planning for succession taking into account that all functions have posts that are restricted to staff who have attained a professional qualification, be that Accountancy, Procurement and also Internal Audit;
- Further developing the management accounting function and other customer contact finance functions within the service at both host authorities to increase added value, including developing the Financial Management Information System (FMIS) in order to maximise the potential benefits.
- Embedding the revised structure for Shared Assurance Services ensuring a seamless transfer of duties and responsibilities
- Implementation of new statutory requirements with regard to the forthcoming Timetable for Closure of Accounts Process for implementation to close the 2017/18 financial year before 31st May 2018.

PARTNERSHIP BUDGET 2016/17 (Summary)

| Budget | 2015/16 £000 | 2016/17 £000 | Variation £000 | Notes |
|--|-----------------|-----------------|-------------------|---|
| Employees | | | | Salary budget savings achieved in SAS restructure and also lower pay point paid to new starters offset by increase in National Insurance costs, Pensions Deficit Contributions, pay-award and increments. |
| Salaries Costs | 1.350 | 1.368 | 0.018 | |
| Car leasing | 0.031 | 0.032 | 0.001 | |
| Employee Related Insurance | 0.014 | 0.013 | (0.001) | |
| Lancashire County Council Internal Audit Budget | 0.010 | 0.010 | - | |
| Transport | 0.012 | 0.011 | (0.001) | SAS restructure budget savings |
| Financial Management Information System | 0.060 | 0.062 | 0.002 | Inflationary Increase |
| Supplies and Services | 0.047 | 0.050 | 0.003 | Inflationary Increase and Subscription to the Resource Planning Hub achieving Shared Service discount |
| TOTAL BUDGET | 1.524 | 1.545 | 0.022 | |

Budget Commentary

The budget for the Partnership has been updated to take account of the following:-

| Employee Budget Variations | £ |
|--|-----------|
| SAS Restructure Savings (plus £1k car allowance) | (37) |
| Changes to National Insurance Regulations | 28 |
| Pension Deficit Recovery | 12 |
| Pay-award | 12 |
| Increments to Employees | 7 |
| New staff on lower pay scales | (4) |
| Total Budget Movement 2015/16 to 2016/17 | 18 |

- The restructure within Shared Assurance Services that achieved a budget savings of £37k in employees cost and £1k in travel costs.
- Increase in national Insurance costs brought about by removal of reduced rates for Pension Scheme Holders.
- Annual incremental increases in Pension Deficit Contributions.
- Changes to staff scale points within the posts pay grade.
- Pay-ward.
- The budget set out above links directly into the budgets proposals within each Councils' individual draft Medium Term Financial Strategies (MTFSs) for 2016/17 onwards.

In support of the following key strategies the Partnership will continue to seek ways of improving productivity and efficiency by making the best use of the technological solutions available and also through income generation:

- the objectives within the MTFSs of each Council, that both forecast budget shortfalls in future years, and
- the Chorley and South Ribble Joint Procurement Strategy (JPS) which contains a target to achieve £100,000 expenditure savings per authority over the 3 year term of the JPS.

KEY SERVICE DEVELOPMENTS & TARGETS 2016/17

Service Level Agreement

The Shared Services Joint Committee has approved a Service Level Agreement (SLA) which sets out the key performance outputs and measures for the Partnership. These outputs and measures have been translated into specific service developments and targets which need to be achieved during 2016/17.

Service Developments 2016/17

A table showing the annual objectives and key projects for 2016/17 is shown at **Appendix Two**. Several of these are aimed at addressing the strategic risks and opportunities impacting on the Partnership as identified in the revised Risk Register. It is relevant to note that with regard to service developments that budget efficiencies secured to date mean that greater focus is now on the delivery of core functions and activities. This strategy is reflected in the project programme proposed for 2016/17.

Performance Information

In order to secure continuous improvement in the way that the Partnership delivers its core services it is essential that appropriate performance measures are identified against which challenging targets can be set and regularly monitored. The table at **Appendix Three** includes a performance indicator set that is based on the work of the National Audit Office (Value for Money in Public Sector Corporate Services – A Joint Project by the UK Public Sector Audit Agencies (2007)). The indicator set was also put together following service user and staff consultation and draws upon previous measures used at South Ribble and Chorley.

Performance Reporting

Using standard templates, regular reports on progress against the required outputs, service developments and performance targets will be presented to the Chief Executives, Joint Committee and other relevant committees at each council at the appropriate intervals.

Data Quality

It is also important to stress that the data quality and collection standards appertaining to each Council will be rigorously applied.

CONTRACTS & PARTNERSHIPS

A list of the contractual and partnering arrangements involving Shared Financial and Assurance Services as at January 2016 is contained in the table at **Appendix Four**.

DELIVERING EFFICIENCIES

Budget Efficiencies 2016/17

The partnership is continuing to work towards assisting both Councils make significant cashable savings in order to close budgetary funding gaps resulting from the current reduction, and heightened uncertainty in core funding. No specified budget efficiency target is included in the 2016/17 BIP, however, the service will continue to seek out new ways of working, including maximising the benefits of new developments within the Financial Management Information System (FMIS) that will improve the efficiency of the service and contribute to both Councils' medium term Financial Strategies to achieve a balanced budget over the longer term. These will be reported within the services Performance Report during the forthcoming year.

Cashable Savings 2008/09 – 2016/17

Since the partnership was launched at the beginning of January 2009 significant budget efficiencies have been secured by working in partnership, making the best of new technology and proactively reviewing the ways in which we work. To date, over £0.590m worth of budget efficiencies have been achieved on a recurring basis from the original budget position which was less than £2.0m. The current Business Improvement Plan also sets out projects that aim to ensure that the partnership continues to achieve efficiencies. The table below shows the budget savings achieved to date.

| Year | Budget Adjustments | £000 | Annual Budget £000 |
|-------------------------|---|----------------|-----------------------|
| | | | |
| 2008/09 (Jan to Mar) | Budget Efficiencies Partnership Launch Jan 2009 | (0.102) | part year |
| 2009/10 | Full Year 2008/09 Budget | | 1.786 |
| | Budget Efficiency Target - One off | (0.050) | 1.736 |
| 2010/11 | Net budget efficiency target/volumetric/ committed growth | (0.002) | 1.734 |
| 2011/12 | One off budget savings re-instated | 0.050 | 1.784 |
| | Net budget volumetric/ committed growth | 0.020 | 1.804 |
| | Budget Efficiencies - recurring | (0.291) | 1.513 |
| | Transfer FMIS to SFS | 0.095 | 1.608 |
| 2012/13 | Net budget volumetric/ committed growth | 0.010 | 1.618 |
| | Budget Efficiencies - recurring | (0.100) | 1.518 |
| 2013/14 | Net budget volumetric/ committed growth | 0.030 | 1.548 |
| | Budget Efficiencies - recurring | (0.060) | 1.488 |
| 2014/15 | Net budget volumetric/ committed growth and efficiencies | - | 1.488 |
| 2015/16 | Net budget volumetric/ committed growth and efficiencies | - | 1.524 |
| 2016/17 | Budget Efficiencies - recurring | (0.038) | 1.486 |
| | Net budget volumetric/ committed growth | | |
| | TOTAL RECURRING BUDGET EFFICIENCIES TO DATE | (0.591) | |
| | As % of the pre-partnership budget provisions | 32% | |

BUSINESS OPPORTUNITIES

It has been the intension of the service to seek to expand the new and innovative way of delivering financial management systems within our one Financial Management Information System (FMIS) to a third, external organisation. It is important, however, that expansion is planned for only when a fully appropriate delivery platform can be offered. The service is involved in investigating new FMIS feeder systems such as payroll and is constantly monitoring developments within other FMIS delivery modules in order to maximise budgetary efficiencies. This involves a feasibility study into returning outsourced services in house or finding other more efficient options including partnership arrangements for single financial functions. Should the outcome of this review result in new internally managed systems then once they have been fully embedded these may present opportunities for business expansion should it be viable and beneficial to do so.

Shared Financial Services has previously taken the lead in hosting regional financial training in Partnership with LG Futures for the Lancashire and North West Region. The net cost of providing the event, compared to SFS staff attending the event in another region, saved the Partnership £710. This activity also serves to raise the profile of the shared services arrangements. Due to the success of the event it is planned to continue working with outside training providers where appropriate to provide similar specialist and relevant regional training events. It is envisaged that the new financing arrangements and proposals contained in the Spending Review for 2015 and the Provisional Local Government Finance Settlement as Local Government finance professionals will likely need to develop knowledge and skills to interpret and manage new complex funding regimes such as the technical frameworks, accounting treatment and new income generation project assessments.

APPENDIX ONE - RISK REGISTER 2016/17

| RISK / OPPORTUNITY | MITIGATION 2015/16 | FURTHER ACTION 2016/17 | BY WHOM | BY WHEN |
|---|--|---|---------|---------------------------|
| Failure to deliver sustainable services in the light of public sector funding cuts | <ul style="list-style-type: none"> On-going and continual review into working practices, systems and procedures to improve productivity and efficiency. Efficiency reviews in 2016/17 as part of BIP projects, process reviews & reduction of low added value activities. Systems Development Plan. | <ul style="list-style-type: none"> Seeking growth opportunities for SFS & SAS. On-going and continual review into working practices, systems and procedures to improve productivity and efficiency. Systems Development Plan to make the best use of new and emerging technology. | HOS | Continual during the year |
| Further development of managers & staff and plan for succession | <ul style="list-style-type: none"> Participation in both host authorities' leadership development programmes. Continuing Professional Development (CPD). Support for semi-professional and professional qualifications provided. | <ul style="list-style-type: none"> Opportunity for staff to assess understanding of roles and identify any additional training required to undertake job responsibilities. Continued participation in staff and leadership development training at both Councils. Project within BIP to review staff engagement to continue. | HOS | Continual during the year |
| Development of the Management Accounting function and other customer contact finance functions at both host authorities to increase added value | <ul style="list-style-type: none"> Recruitment into key Management Accounting leadership posts. Service accountants attending Departmental Management Team (DMT) meetings & budget holder 1-2-1 sessions. Improved reporting facilities post FMIS implementation. | <ul style="list-style-type: none"> Development of new leaders within the function. Further developing the Financial Management Information System (FMIS) in order to maximise the potential benefits. | HOS | Continual during the year |
| Embedding the revised structure for Shared Assurance Services ensuring a seamless transfer of duties and responsibilities | <ul style="list-style-type: none"> Restructure approved following detailed consultation with all stakeholders. | <ul style="list-style-type: none"> Continuous assessment of resources and skills and targeting of training regimes. E-enablement of the insurance claims administration process to increase efficiency. | HOS | Continual during the year |

| RISK / OPPORTUNITY | MITIGATION 2015/16 | FURTHER ACTION 2016/17 | BY WHOM | BY WHEN |
|---|---|--|---------|---|
| Implementation of New Timetable for Closure of Accounts Process | <ul style="list-style-type: none"> • Preparation as earliest opportunity with trial runs being followed in 2015/16 and 2016/17 • Communication of changes and training to be provided to establishment clarity of roles and responsibilities of other departments • Attendance at CIPFA and Grant Thornton seminars and workshops. • Purchase of CIPFA Code of Practice, Guidance Notes for Practitioners, and Disclosure Checklist. • Liaison with valuer to agree effect on Code changes on valuation process. | <ul style="list-style-type: none"> • Increase profile of accounts closure process. • Set timetable to achieve earlier closure in advance of statutory deadline. (Accounts & Audit Regulations 2015 require publication of audited 2017/18 statement of accounts, annual governance statement, and narrative statement by 31 July 2018.) • Improve clarity of accounts closure instructions to non-financial staff. • Amend working papers to meet external audit requirements to speed up audit process. • Review at project close to analyse success and areas for further development | HOS | <p style="text-align: center;">March 2016 and ongoing review to 30th June 2016</p> |

APPENDIX TWO - SERVICE DEVELOPMENTS 2016/17

| Project / Task | Lead Officer | Start Date | Finish Date | SMART Actions & Milestones | Outcomes / Success Measures |
|--|--------------|------------|---------------|---|---|
| Internal Audit | | | | | |
| Prepare the 2016 Annual Governance Statements in accordance with the latest CIPFA & SOLACE guidance (CBC/SRBC) | GB/DH | April 2016 | June 2016 | <ul style="list-style-type: none"> Revise policies, procedures and corporate assessment forms Undertake assessments & produce the AGS | Compliance with the latest regulatory requirements |
| Refresh the Service Assurance Statement process (CBC/SRBC) | GB/DH | April 2016 | June 2016 | <ul style="list-style-type: none"> E-enabled Middle management participation | More concise, streamlined & risk-based statements & better focussed action plans |
| Arrange induction training for any new Governance Committee members from 2016/17 (CBC/SRBC) | GB/DH | April 2016 | June 2016 | <ul style="list-style-type: none"> Identification of new members training needs | Positive feedback in the post training questionnaires |
| Implementation of My Tasks to monitor the implementation of agreed management actions (CBC) | GB/DH | April 2016 | March 2017 | <ul style="list-style-type: none"> Establish new records Arrange input access for Heads of Service Briefing & testing of new approach | <p>Reduced administrative input by Internal Audit staff</p> <p>Continuously updated records</p> |
| Risk Management | | | | | |
| Work with insurance providers to develop and implement risk management reviews (CBC/SRBC) | GB/KM | April 2016 | December 2016 | <ul style="list-style-type: none"> Arrange & facilitate new programmes for 2016 alongside ZM and AIG Focus on public / employers liability risks and the need for sound inspection regimes and record keeping | <p>Raised staff awareness, skills and knowledge of the management of operational risk</p> <p>Improved claims history and impact on premiums</p> |

| Project / Task | Lead Officer | Start Date | Finish Date | SMART Actions & Milestones | Outcomes / Success Measures |
|--|--------------|------------|----------------|--|---|
| Emergency Planning & Business Continuity Planning | | | | | |
| Revise and re-issue the Emergency Plan (CBC) | GB/KM | April 2016 | July 2016 | <ul style="list-style-type: none"> Review & update documentation Arrange awareness training | Production of a more streamlined & user friendly document that is responsive to ongoing organisational changes |
| Participate in a multi-agency exercise to test the Redcliffe International Munitions Site COMAH Plan at Heapey (CBC) | GB/KM | April 2016 | December 2016 | <ul style="list-style-type: none"> Attend planning meetings if required Participate in actual exercise (Nov 2016) Undertake an internal de-brief and participate in exercise follow up activity | Validation of the Council's input to the emergency response arrangements |
| Revise and re-issue BCPs (CBC/SRBC) | GB/KM | April 2016 | September 2016 | <ul style="list-style-type: none"> Review & update documentation Arrange awareness training | Production of a more streamlined & user friendly document that is responsive to ongoing organisational changes |
| Undertake a rest centre simulation exercise (SRBC) | GB/KM | Sept 2016 | March 2017 | <ul style="list-style-type: none"> Obtain volunteers as evacuees Test whole arrangements (SAS, Leisure, Housing, PR) | Validation of the Council's emergency response arrangements |
| Insurance | | | | | |
| Procurement of appropriate insurance covers and brokerage services effective from 1 st January 2017 | GB/KM | April 2016 | December 2016 | <ul style="list-style-type: none"> Utilisation of the CCS/YPO Second Generation Insurance Procurement Framework | Insurance covers in place |
| E-enablement of insurance claims administration | GB/KM | April 2016 | March 2017 | <ul style="list-style-type: none"> Appraisal of bespoke software solutions / procurement of preferred option / staff training & rollout | Elimination of paper processing & storage / significant time saving / improved data interrogation & reporting facilities / risk management information / improved data security via the cloud |

| Financial Services As A Whole | | | | | |
|---|----------------------------------|------------|------------|---|--|
| Annual development of the current level/programme of financial training packages for Members and Budget Holders. Members – Local Government Finance and implications of SR 2015. Budget Holders - to facilitate improved and speedier closure of accounts process including use of systems, process improvement, compliance and financial responsibilities and management techniques. | Head of Service | April 2016 | March 2017 | <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 | <ul style="list-style-type: none"> Delegate feedback Reduction of errors within processes e.g. coding errors corrected Improved timeliness of service delivery including corporate reporting |
| Management and Financial Accountancy Services | | | | | |
| <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 and the implementation of the e-budgeting module.</p> | Principal Management Accountants | April 2016 | March 2017 | <ul style="list-style-type: none"> Consult with CFO and Deputy S151 Officers 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, protocols and agreed timetable. Determine and deliver communications/briefings/training as appropriate. Review output and outcomes with regard to reporting including frequency, content and formats. | <ul style="list-style-type: none"> Introduce new a management Accountancy process for both Councils. Introduce revised process and systems for allocating Internal Recharges within both Councils. Revised procedures to be on a common basis/platform. Wider understanding of role & purpose of Management Accountancy function and greater transparency within Corporate and Budget Holder reporting. Produce new reporting standards and comprehensive work planning timetables for Budget Setting and Monthly Budget Reporting. |

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|--|---|-----------------------|--------------------------|---|--|
| <p>Closure of Accounts : Review to reduce timetable and facilitate tested and successful completion by 30th May 2018.</p> | <p>Principal Financial Accountant</p> | <p>April 2016</p> | <p>June 2016</p> | <ul style="list-style-type: none"> • Review timetable and reduce timescales by reviewing and changing procedures where appropriate • Consider future changes and expected developments to 2017/18 • Consider the impact on all key stakeholders and analyse actions required to achieve the new deadline • Set out action plan. • Communications Strategy. • Training Strategy. • Weekly project meetings during closure. | <ul style="list-style-type: none"> • Successful completion and production of Statement of Accounts (SOAs) as at 31/05/16. • SAOs to contain no material errors. |
| <p>Business Rates Retention – Pooling Agreement and new Developing Regime as part of SR 2015</p> | <p>Principal Financial Accountant</p> | <p>April 2016</p> | <p>November 2016</p> | <ul style="list-style-type: none"> • Interpretation of implication of new arrangements and national NNDR regime. • Corporate review of processes and systems involved in setting the budget for the BRR regime including completion of NNDR1 and NNDR3 • Corporate review of processes and systems involved in monitoring BRR regime • Report and recommendations for new end to end process to HOS SFS and CFOs (s151s) • Publication of end to end procedures notes including timetable e.g. monthly monitoring of Appeals • Staff training including internal monthly monitoring and subject resilience improvement within the service | <ul style="list-style-type: none"> • Implementation of new end to end documented process for the setting of, and monitoring of, Business Rates Retention taking into account impact of SR 2015 when published |

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|---|----------------------------------|------------|-------------|--|--|
| Zero Based Budget Exercise | Principal Management Accountants | April 2016 | August 2016 | <ul style="list-style-type: none"> • Establish budget heads within scope • Agree process strategy (including operational approach, methodology and timetable) with SFS staff • Liaison with HOS SFS • Report findings to CFOs and SMT (SRBC) and Strategy Group (CBC) • Feed into 2017/18 MTFS cycle in September 2016 | <ul style="list-style-type: none"> • Adjusted budget heads for proposed 2017/18 • Reduce overall total of 'in scope' budget heads (excluding inflationary and volumetric increases). • Contribution to MTFS and budget preparation process for 2017/18. |
| Procurement Services | | | | | |
| Successful implementation and embedding of Version 3 of The Chest | Principal Procurement Officer | April 2016 | August 2016 | <ul style="list-style-type: none"> • Work with regional colleagues and the system provider to identify and resolve technical difficulties. • Review process notes and revise where appropriate. • Roll out revised guidance and notes to users. • Liaise with users selected to be The Chest 'key users' • Undertake training as appropriate and provide any additional reference material and aide memoires to assist with remote self-serve support | <ul style="list-style-type: none"> • Compliance with Contract Procurement Rules and best practice is maintained, • Key users of The Chest operate the system remotely on a self-serve basis. |
| Review of update of Staff Guide to Procurement | Procurement Officer | April 2016 | July 2016 | <ul style="list-style-type: none"> • Review current documentation. • Consult with specialist colleagues e.g. legal, insurance etc. • Update Guide. • Communicate changes. | <ul style="list-style-type: none"> • Updates Staff Guide to Procurement produces and communicated. |

Systems Development and Exchequer Services

| | | | | | |
|---|----------------------------------|-------------------|-------------------|--|--|
| <p>Payment Card Industry – Data Security Standard PCI-DSS (version 3.1) Compliance</p> | <p>Financial Systems Manager</p> | <p>April 2016</p> | <p>June 2017</p> | <ul style="list-style-type: none"> • Review contents of regulation and requirements • Translate into project plan • Communications strategy • Liaison with internal partners • Implement required internal process change • Collate evidence and submit self-assessment questionnaire | <ul style="list-style-type: none"> • Achieve PCI-DSS Version 3.1 compliance |
| <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:</p> <ul style="list-style-type: none"> • Payroll services • Civica Financials network access review at SRBC • Budget Preparation Module • Asset Management Module • Payroll File Integration at SRBC • CIPD Code Update • Chart of Accounts Update for Statutory Returns • Disaster Recovery Procedures – update post FMIS developments • Review of authorisation restriction rules • Procure to Pay (P2P) Compliance Automation • Purchasing Developments: <ol style="list-style-type: none"> (1) Complimentary system integration (2) Review of Contracts Module (3) Review of Purchase Card Module | <p>Financial Systems Manager</p> | <p>April 2016</p> | <p>March 2017</p> | <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 | <ul style="list-style-type: none"> • Improve the effectiveness and efficiency of accounting processes by maximising the functionality of FMIS • Evidence by measurable productivity gain where possible • Increase customer satisfaction • Produce a proposal with regard to the longer term view on the future development of FMIS in the light of developments in that arena since FMIS was implemented. |

| | | | | | |
|---|----------------------------------|-------------------|-------------------|--|--|
| <p>Outcome projects from 2015/16 project into review of the all current products available to ensure that the system best supports the whole ICT infrastructure and strategies at both Councils.</p> <ol style="list-style-type: none"> (1) Migration from CIVICA Creditors to Academy Creditors at SRBC and removal of cheque payments for SRBC (2) Digital Payments channel migration for CBC (3) Debtors process review at CBC and SRBC (4) Overtime self-service system and process | <p>Financial Systems Manager</p> | <p>April 2016</p> | <p>March 2017</p> | <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 | <ul style="list-style-type: none"> • Improve the effectiveness and efficiency of accounting processes by maximising the functionality of FMIS • Evidence by measurable productivity gain where possible • Increase customer satisfaction • Produce a proposal with regard to the longer term view on the future development of FMIS in the light of developments in that arena since FMIS was implemented. |
|---|----------------------------------|-------------------|-------------------|--|--|

APPENDIX THREE - PERFORMANCE INFORMATION 2016/17

The table below includes a performance indicator set that has been put together:

- following service user and staff consultation;
- drawing upon existing measures at South Ribble and Chorley; and,
- based on the work of the National Audit Office (Value For Money in Public Sector Corporate Services – A Joint Project by the UK Public Sector Audit Agencies (2007)).

The NAO model develops an amended scorecard approach that, in addition to an efficiency dimension, defines three separate facets of effectiveness that can be measured:

- **Impact**, in terms of how the output from each of the services contributes to or influences corporate performance as a whole;
- **Satisfaction** of users and senior managers;
- **Modernisation**, in terms of the extent to which management practices have been adopted that are innovative and forward thinking.

The following table identifies each type of measure being used by the following references:

- E = Efficiency
- EI = Effectiveness Impact
- ES = Effectiveness Satisfaction
- EM = Effectiveness Modernisation

Note also that the data quality and collection standards appertaining to each Council will be rigorously applied.

| Key Measures | Type | Timescale | Member Reporting | Target 2015/16 | Target 2016/17 |
|--|------|---|---|----------------|----------------|
| Internal Audit Services | | | | | |
| % of Planned Time Used | EI | Quarterly Audit Plan Update Reports & Annual Audit Report | Joint Committee & Governance Committees | 90% | 90% |
| % Audit Plan Completed | EI | Quarterly Audit Plan Update Reports & Annual Audit Report | Joint Committee & Governance Committees | 100% | 100% |
| % of Management Actions Agreed | EI | Quarterly Audit Plan Update Report & Annual Audit Report | Joint Committee & Governance Committees | 98% | 98% |
| Total Cost of Internal Audit Function as a % of Organisational Running Costs / Expenditure) (VFM Primary 1) | E | Annual Audit Report | Joint Committee & Governance Committees | 8.28% | 8.28% |
| % Professionally Qualified Internal Audit Staff as a % of Total Internal Audit Staff (FTEs) (VFM Secondary 1) | EI | Annual Audit Report | Joint Committee & Governance Committees | 30% | 30% |
| Risk Management Services | | | | | |
| Total Cost of the Risk Management Function as a % of Organisational Running Costs / Expenditure) (VFM Primary 1) | E | Annual | Joint Committee & Governance Committees | 4.12% | 4.12% |
| Average customer satisfaction score per insurance claim (max 5.0) | ES | Quarterly | Joint Committee & Governance Committees | 4.7 | 4.7 |

| Key Measures | Type | Timescale | Member Reporting | Target 2015/16 | Target 2016/17 |
|---|------|-----------------------------|--|---|---|
| Financial Services – Overall | | | | | |
| % of professionally qualified finance staff (FTEs) as a % of total finance staff (FTEs) (vfm Secondary 1) | EI | Annual | Joint Committee | 18% | 18% |
| Management and Financial Accountancy Services (incorporating FMIS Development function) | | | | | |
| % variation between the forecast out-turn at month 6 and the actual out-turn at month 12 (Vfm Primary 3) | EI | Annual | Executive Cabinets & Joint Committee | <(+/-) 5.0% | <(+/-) 5.0% |
| 15 working days from period-end closure to the distribution of financial reports (vfm Primary 2) | EI | Monthly | Joint Committee | 100% | 100% |
| Year-end statutory accounts to contain no material errors and have an unqualified audit opinion | EI | Annual | Joint Committee Accounts Committees | 0 | 0 |
| Compliance with the Prudential Code for Capital Finance in Local Authorities | E | Half Yearly and at Year End | Joint Committee Executive Cabinets | 100% compliance with the Prudential Code | 100% compliance the Prudential Code |
| Statutory Grant Claims and Returns to be submitted on time | ES | Half Yearly and at Year End | Joint Committee | 100% | 100% |
| Achievement of Industry Investment Benchmarks | EI | Half Yearly and at Year End | Joint Committee Executive Cabinets | Out perform London Inter Bank Bid Rate (LIBID) by 10% | Revised to: Out perform London Inter Bank Bid Rate (LIBID) by 15% |
| Supplier Payment within 30 days (local indicator)(linked to vfm Secondary 10) | EI | Monthly | Joint Committee | 99% | 99% |

| Key Measures | Type | Timescale | Member Reporting | Target 2015/16 | Target 2016/17 |
|---|-------------|------------------|-------------------------|-----------------------|---------------------------|
| Supplier Payment within 10 days (local indicator) | EI | Monthly | Joint Committee | 80% | Revised to: 83% |
| % of supplier payments by electronic means (vfm Secondary 7) | EM | Monthly | Joint Committee | 95% | Revised to: 97% |
| % of remittances to suppliers by electronic means | EM | Monthly | Joint Committee | 100% | Revised to: 95% |
| % of Financial Systems availability | E | Monthly | Joint Committee | 99.5% | 99.5% |
| Procurement Services | | | | | |
| Professionally qualified procurement employees (FTEs) as a % of total procurement employees (vfm Secondary 1) | EI | Annual | Joint Committee | 50% | 50% |
| LIB/P12 Satisfaction with the corporate procurement function | ES | Annual | Joint Committee | 90% | 90% |

APPENDIX FOUR – CONTRACTS REGISTER

| Company / Provider | Services Provided | End Date |
|---|---|-----------------------------|
| INSURANCE | | |
| Jardine Lloyd Thompson (Joint SRBC & CBC) | Insurance Broker and tender services | 31/12/2016 |
| Zurich Municipal (CBC and SRBC) | Insurance Policies (Fidelity Guarantee, Combined Liability, Motor Fleet, Engineering Inspections and Insurance) | 31/12/2016 |
| ACE - Europe (Joint CBC & SRBC) | Insurance Policies (Personal Accident and Travel) | 31/12/2016 |
| RMP/Chartis (CBC & SRBC) | Insurance Policies (Property including All Risks and Computer) | 31/12/2016 |
| AIG Europe c/o Marsh broker (CBC) | Environmental warranty Insurance | 31/03/2023 |
| AUDIT | | |
| Lancashire County Council | Internal Audit Services | 31/03/2017 Annual Review |
| PAYROLL | | |
| Blackpool Borough Council (CBC) | Payroll Service | Rolling SLA |
| BT Lancashire (SRBC) (client role transferred to HR SRBC) | Payroll Service | n/a |

| Company / Provider | Services Provided | End Date |
|------------------------------------|---|--|
| SYSTEMS | | |
| Civica (Partnership) | Financials Debtors & Creditors GL Purchasing Intelligent Imaging/Scanning e-Modules (Cr, Dr, Pr) Budget Preparation Asset Management | Annual rolling Licencing Maintenance Agreement 31/03/2017 |
| Civica (CBC) | ICON Cash Receipting ICON Bank Reconciliation | Due to expire 31/03/16, currently under review |
| Allpay (CBC and SRBC) | Electronic Card Payment Services | 07/10/2017 with option to extend for another two years thereafter |
| TREASURY | | |
| Capita Treasury Solutions Limited | Treasury Management Consultancy Service | Annual Review |
| Chrystal Consulting Limited (SRBC) | Leasing advice/renewals | 31/03/2016 Annual Review |
| Chrystal Consulting Limited (CBC) | Leasing advice/renewals | 31/03/2016 Annual Review |
| Barclays Bank (SRBC & CBC) | Banking Services | 31/03/2018 |