

| <b>REPORT TO</b>                | <b>DATE OF MEETING</b>    |
|---------------------------------|---------------------------|
| Shared Services Joint Committee | 8 <sup>th</sup> June 2016 |

Report template revised June 2008



| <b>SUBJECT</b>  | <b>PORTFOLIO</b> | <b>AUTHOR</b>          | <b>ITEM</b> |
|---|------------------|------------------------|-------------|
| Financial & Assurance Shared Services Annual Report 2015/16 | N/A              | G Barclay & S Guinness | 6           |

## SUMMARY AND LINK TO CORPORATE PRIORITIES

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

The Committee has received regular performance reports during the course of 2015/16 highlighting the actions taken to deliver the planned service improvements and performance targets specified in the 2015/16 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.

## 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 2015/16.

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 2016. Members will note that we have been successful in achieving the vast majority of our planned service developments and performance targets for 2015/16.

## 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 2015/16 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 2015/16 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 2016/17.   |   |   |
| <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 Plans 2015/16 and 2016/17

# **FINANCIAL & ASSURANCE SHARED SERVICES PARTNERSHIP**

## **ANNUAL REPORT 2015/16**

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## HIGHLIGHTS & ACHIEVEMENTS

2015/16 represented another challenging yet successful year in which the Partnership continued to develop and 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 encompassed 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 2015/16 are as follows:-

### **Shared Assurance Services**

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

Roll out & training of Resilience Direct - national on line portal for emergency planning

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

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

## **Shared Financial Services**

Staff Development - Successful completion of the 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 South Ribble's Treasury Strategies contributing to additional income to be incorporated into the 2016/17 budget balancing actions.

Accurate budget forecasting of the Business Rates Retention (BRR) Scheme and management of the BRR Collection Fund balances.

## **Procurement**

Assistance provided 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 86.59% of undisputed invoices were paid within 10 days and 99.43% paid within 30 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

## KEY SERVICE DEVELOPMENTS

There were **23** key projects included in the BIP which represent service developments for 2015/16. Using a traffic light system, the outturn is summarised in the table below:

| <b>Detail</b>             | <b>Assurance Services</b> | <b>Financial Services</b> |
|---------------------------|---------------------------|---------------------------|
| Green Projects - on track | <b>14</b>                 | <b>7</b>                  |
| Amber Projects            | <b>0</b>                  | <b>2</b>                  |
| Red Projects              | <b>0</b>                  | <b>0</b>                  |
| Total                     | <b>14</b>                 | <b>9</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

There are no red or amber projects for Shared Assurance Services. All projects have been completed or re-scheduled.

### FINANCIAL SERVICES PROJECTS

#### RED PROEJCTS

There are no red projects.

#### AMBER PROJECTS

##### Review of core accounting system and process controls compliance

This project will not be concluded in 2015/16 as the focus and priorities within this budget setting round, and therefore resources, were allocated elsewhere i.e. Spending Review 2015, NNDR including Pooling, reporting format and Borough Investment/Reserves Review. In addition the FMIS additional modules have not been implemented yet due to staff induction, professional development/professional qualification finals and sickness absence cover. The solution for delivery is that this project will be rolled forward for inclusion in the 2016/17 BIP.

##### Fees and Charges

This project will not be finalised in 2015/16 as the focus and priorities within the 2016/17 budget setting round, and therefore resources, were allocated elsewhere i.e. Spending Review 2015, NNDR including Pooling, new reporting format and Borough Investment/Reserves Review. In addition Lancashire Districts are taking part in a wider CIPFA benchmarking exercise, the results of which will very much inform this project. The solution for delivery is that this project will be rolled forward for inclusion in the 2016/17 BIP.



## PERFORMANCE TARGETS

The 2015/16 BIP contained **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 status of these indicators as at the end of March 2016 is shown in the table below:

| Detail                        | Assurance Services | Financial Services |
|-------------------------------|--------------------|--------------------|
| Green on target               | 11                 | 12                 |
| Amber – within 5% of target   | 0                  | 2                  |
| Red – more than 5% off target | 3                  | 1                  |
| Not measured (*)              | 2                  | nil                |
| <b>Total</b>                  | <b>16</b>          | <b>15</b>          |

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

### ASSURANCE SERVICES

#### *Red Targets*

| Measure                                      | Target      | Actual     | Variation    | Comments  |
|--|-------------|------------|--------------|---|
| <b>% Planned Time Used – Shared Services</b> | <b>90%</b>  | <b>81%</b> | <b>(10%)</b> | The planned contingency time was not required and the Audit Plan was achieved   |
| <b>% Audit Plan Achieved – SRBC</b>          | <b>100%</b> | <b>93%</b> | <b>(7%)</b>  | The review of Housing was deferred to 2016/17 due to impending changes in national policy                             |
| <b>% Audit Plan Achieved – CBC</b>           | <b>100%</b> | <b>94%</b> | <b>(6%)</b>  | The review of Partnerships was deferred to 2016/17 due to an impending update of the Corporate Partnerships Framework |

Members should note that the above negative variations are offset by a surplus of planned auditor time spent at Chorley Council due to a substantive investigation into various planning irregularities in 2015/16. The Shared Services Agreement makes provision for such service variations and the reciprocal nature of this arrangement is one of the strengths underpinning the partnership between the 2 councils.

#### *Amber Targets*

There are no amber targets for Shared Assurance Services.

## FINANCIAL SERVICES

### Red Targets

| Measure   | Target to date | Actual to date | Variation %   |
|---|----------------|----------------|---------------|
| <b>Statutory Grant Claims and Returns to be submitted on time</b> | <b>100%</b>    | <b>93.9%</b>   | <b>(6.1%)</b> |

**Comments:**

To the end of 2015/16 the service submitted 69 returns. Of these 69 return the submission statistics are:

Sent in Early = 55 returns equating to 80%

Sent in on Time = 10 returns equating to 15%

Sent in Late = 4 returns equating to 5%

The 4 late returns were as follows:-

- Whole of Government Accounts (WGA) return for both Councils. These were late due to the impact of the closure of accounts process and external audit.
- One return was delayed due to additional work required as a result of an internal project.
- One due to the underestimation of preparatory work required to complete the return.

### Amber Targets

| Measure  | Target to date      | Actual to date | Variation %   |
|--|---------------------|----------------|---------------|
| <b>(Over)/Underspend within 1% of manageable cash revenue budget</b> | <b>&lt;(+/-) 1%</b> | <b>1.085%</b>  | <b>0.085%</b> |

**Comments:**

This KPI has been marginally missed. The amount above the target equates to a budget variation of £26k against an average annual budget of £14.5m

| Measure  | Target to date | Actual to date | Variation %    |
|--|----------------|----------------|----------------|
| <b>% of remittances to suppliers by electronic means</b> | <b>100%</b>    | <b>95.32</b>   | <b>(4.68%)</b> |

**Comments:**

Paper remittances are currently being dispatched in the post where electronic contact details are not known. This is being done to re-introduce an additional control on the accuracy of creditor bank details.

## FINANCIAL OUT-TURN

At each Joint Committee meeting during 2015/16 budget performance statements have been reported showing actual performance against the approved 2015/16 budget. The following statement sets out the final out-turn position as at 31<sup>st</sup> March 2016:-

| Cost Category                              | Partnership Budget<br>£m | Out-turn<br>as at 31/03/16<br>£m | Under or<br>(Over) Spend<br>£m |
|--|--------------------------|----------------------------------|--------------------------------|
| Salaries Costs                             | 1.320                    | 1.245                            | 0.075                          |
| Car Leasing                                | 0.031                    | 0.028                            | 0.003                          |
| Employee Related Insurance                 | 0.014                    | 0.013                            | 0.001                          |
| Transport                                  | 0.012                    | 0.010                            | 0.002                          |
| Supplies and Services                      | 0.062                    | 0.056                            | 0.006                          |
| Lancashire County Council<br>Audit Budget  | 0.013                    | 0.013                            | -                              |
| Financial Management<br>Information System | 0.070                    | 0.069                            | 0.001                          |
| <b>TOTAL</b>                               | <b>1.522</b>             | <b>1.434</b>                     | <b>0.088</b>                   |

The updated partnership's budget for 2015/16 was **£1.522m** compared against an estimated out-turn of **£1.434m**. **This results in a year end underspend of £0.088m.**

### Budget Variations

#### Employee Costs – Underspend £75k

The Shared Financial Services team has had three vacancies this year. Two of the posts have been recruited into with two qualified accountants starting in September 2015. Leading up to the recruitment exercise short term temporary cover was brought in to assist with the 2014/15 Closure of Accounts process earlier in this financial year. Temporary staffing resources have also been used to process invoices.

All other budget management variations are an amalgam of many small value variations.

## Joint Procurement Strategy (JPS) 2015 to 2018 Efficiency Savings

One of the key actions of the JPS is to achieve procurement savings targets of £100,000 (cumulative) at each Council over the 3 year strategy period. The team are involved in procurement and tendering processes across a wide variety of spend areas. The savings achieved to date in 2015/16 are set out below:

| <b>Council</b> | <b>Savings Achieved<br/>£000</b> | <b>Examples of Contracts and Spend Areas</b>  |
|----------------|----------------------------------|---|
| SRBC           | 462                              | Waste Contract; 6 x 4WD Ride on Mowers; Surface dressing of car park, footpaths and cycle ways.<br>Handy persons Service; purchase of vans; purchase of refuse collection service; purchase of hook lift/skip loader. |
| CBC            | 78                               |   |
| <b>Total</b>   | <b>540</b>                       |   |

The target for SRBC has already been achieved predominantly by the new contract price achieved for the Council's Waste/Refuse Collection Contract.

## KEY SERVICE DEVELOPMENTS 2015/16

## SHARED ASSURANCE SERVICES

| Project / Task  | Lead Officer | Start Date | Finish Date | SMART Targets / Actions & Milestones   | Status | Update                                       |
|---|--------------|------------|-------------|--|--------|--|
| <b>Internal Audit</b>   |              |            |             |  |        |  |
| Prepare the 2015 Annual Governance Statements in accordance with the latest CIPFA & SOLACE guidance                                       | GB/DH        | April 2015 | June 2015   | Revise policies, procedures and corporate assessment forms<br>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        | April 2015 | June 2015   | Review arrangements with regards to the new Guidance<br>Incorporate any actions to address aspects on non-compliance within the AGS Action Plan  | GREEN  | Completed                                    |
| Arrange training for new Governance Committee members following the May elections   | GB/DH/<br>AA | April 2015 | June 2015   | Identification of new members training needs<br>Delivery of appropriate training materials incorporating actions arising from the revised CIPFA Guidance on the Role of Audit Committees | GREEN  | Completed                                    |
| Deliver fraud awareness training to officers (SRBC)   | DH           | April 2015 | June 2015   | Establish on-line self-serve facilities in the ICT Training Suite & arrange appointments to train all "compulsory" officers in the Council   | GREEN  | Completed                                    |
| Participate in the Lancashire District Audit Group peer review programme  | GB/DH        | Jan 2016   | March 2016  | To be determined   | GREEN  | Completed.<br>Review programme now arranged. |

| Project / Task  | Lead Officer | Start Date     | Finish Date   | SMART Targets / Actions & Milestones  | Status | Update  |
|---|--------------|----------------|---------------|---|--------|---|
| <b>Risk Management</b>  |              |                |               |   |        |   |
| Work with insurance providers to develop and implement risk management reviews at both host councils                          | AA           | April 2015     | March 2015    | <p>Arrange &amp; facilitate new programmes for 2015 alongside ZM and AIG</p> <p>Focus on public / employers liability risks and the need for sound inspection regimes and record keeping</p>  | GREEN  | CBC reviews of Cyber Risk / Water & Open Spaces and a SRBC review of the Health & Safety Risk Assessment Process undertaken.    |
| <b>Emergency &amp; Business Continuity Planning</b>   |              |                |               |   |        |   |
| Roll out Resilience Direct (RD) registration and responder/user awareness training (CBC / SRBC)                               | AA           | April 2015     | June 2015     | <p>Identify relevant personnel and oversee registration procedure</p> <p>Undertake an awareness training session(s) consistent with user needs &amp; provide ongoing support and guidance where necessary</p> <p>Maintain and develop the SRBC/CBC "Landing Page" and "Filestore"</p> | GREEN  | Completed   |
| Arrange refresher training for emergency responders on the overall EP/LRF landscape and local operating procedures (SRBC/CBC) | AA           | September 2015 | December 2015 | <p>Identify relevant personnel and target groups</p> <p>Develop &amp; deliver an awareness training package combining local plans &amp; arrangements and LRF material</p> <p>Provide follow up support as required</p>  | GREEN  | SRBC completed. CBC postponed to early 2016/17 as the Emergency Plan is to be updated to reflect the revised officer structure. |

| Project / Task   | Lead Officer | Start Date   | Finish Date   | SMART Targets / Actions & Milestones   | Status | Update  |
|--|--------------|--------------|---------------|--|--------|---|
| Participate in the Heron 6 multi-agency simulation exercise of the Springfields Off site Nuclear Emergency Plan (SRBC)   | AA           | April 2015   | December 2015 | <p>Participate in the exercise planning and development meetings</p> <p>Undertake an assessment of need and scope SRBC involvement appropriately</p> <p>Coordinate relevant participation in the actual exercise (October 2015)</p> <p>Undertake an internal de-brief and participate in exercise follow up activity</p> | GREEN  | Completed   |
| Participate in a multi-agency exercise to validate the Redcliffe International Munitions Site COMAH Plan at Heapey (CBC) | AA           | April 2015   | December 2015 | <p>Attend planning meetings &amp; develop SRBC related scenario issues</p> <p>Participate in actual exercise (November 2015)</p> <p>Undertake an internal de-brief and participate in exercise follow up activity</p>  | GREEN  | Completed   |
| Undertake testing of revised BCPs at both host councils  | AA           | January 2016 | March 2016    | <p>Complete a simulation exercise using suitable LRF scenario materials or develop an electronic awareness and training package</p> <p>Analyse responses, identify needs and provide follow up support as required</p>   | GREEN  | Postponed to early 2016/17 to take account of the new officer structure at CBC. |

| Project / Task   | Lead Officer | Start Date     | Finish Date   | SMART Targets / Actions & Milestones  | Status | Update  |
|--|--------------|----------------|---------------|---|--------|---|
| <b>Insurance</b>   |              |                |               |   |        |   |
| Oversee annual Insurance Policy renewals (CBC/SRBC)  | AA           | September 2015 | December 2015 | Complete the assimilation of all renewal information and submit to /liaise with the Insurers/Broker<br><br>Participate in renewal meetings and assist with the generation and checking of renewal reports and premium information | GREEN  | Completed   |
| Oversee procurement of a new insurance broker under a combined agreement to provide general support and advice and lead on the next insurance procurement tender exercise (SRBC/CBC) | AA           | April 2015     | December 2015 | Produce procurement plan, agree selection criteria, finalise proposal documentation & obtain approval<br><br>Assess responses using cost and quality criteria<br><br>Appoint successful candidate                                 | GREEN  | On track. Since these tasks were set a new national insurance procurement framework has been released. This became available for new procurements from 1 <sup>st</sup> April 2016. Contract Procedure Rules fully support the use of such frameworks for significant areas of expenditure as they are administratively more cost effective and enable access to a wider range of suppliers than the direct tendering approach. For these reasons it has been agreed to adopt this framework for the next insurance broker and provider appointment processes in 2016. |
| Undertake preparatory work for the procurement of new long-term insurance agreements by both host councils   | AA           | January 2016   | March 2016    | Working alongside the broker and assuming a start date of 1st January 2016 - produce a project / procurement plan (Jan/Feb 2016)  | GREEN  |   |



## 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 2015 | March 2016  | <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>   | GREEN  | <p>On Track – Training has been delivered in 2015/16 including Member Training on Public Finance, Budget Setting, Central Government Local Government Finance Settlement, Spending Review 2015 and Medium Term Financial Strategy. Staff training has included Closure of Account procedures, one to one training and guidance and Procure to Pay system and procedural compliance. Self-serve solutions are programmed to be assessed in 2016/17 and is included in the 2016/17 BIP</p>  |
| <b>Management and Financial Accountancy Services</b>   |   |            |             |  |        |   |
| Review of core accounting system and process controls compliance (retained to cover planned new modules and training of new staff and users)   | Principal Financial and Management Accountants and Principal Financial & Systems Accountant | April 2015 | March 2016  | <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</li> <li>Provide training where required</li> </ul> | AMBER  | <p>This project has not been concluded in 2015/16 as the focus and priorities within this budget setting round, and therefore resources, were allocated elsewhere i.e. Spending Review 2015, NNDR including Pooling, reporting format and Borough Investment/Reserves Review. In addition the FMIS additional modules have not been implemented yet due to staff induction, professional development and sickness absence cover. The solution for successful delivery is that this project will be rolled forward for inclusion in the 2016/17 BIP.</p> |

| 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 &amp; 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 2015 | March 2016   | <ul style="list-style-type: none"> <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, protocols and agreed timetable</li> <li>• Determine and deliver communications/briefings/training as appropriate</li> <li>• Review output and outcomes with regard to reporting including frequency, content and formats.</li> </ul> | GREEN  | <p><b>On Track – This project is to be carried forward into the 2016/17 BIP. New members of staff have started to review and reform current working documents that will feed into the review that will now substantially fall in 2016/17 incorporating the review of core accounting system controls to ensure integrity is maintained when systems, procedures and team responsibilities are updated.</b></p>   |
| Zero Based Budget Exercise  | HOS                              | April 2015 | October 2015 | <ul style="list-style-type: none"> <li>• Establish budget heads within scope</li> <li>• Agree process strategy (including operational approach, methodology and timetable) with SFS staff</li> <li>• Liaison with Chief Finance Officers (S151)</li> <li>• Report findings to SMT (SRBC) and Strategy Group (CBC)</li> <li>• Feed into 2016/17 MTFS cycle in November 2015</li> </ul>   | GREEN  | <p><b>The Statement of Accounts External Audit process impacted on key officers within the team involved in this project. This was coupled with the recruitment of SFS staff (in September 2015) who have a significant role but were immediately involved in the budget setting process at both Councils. Other issues within this year's process, for example, assessing Spending Review 2015 and budget priorities means this project will rolled over into 2016/17 within the 2016/17 BIP.</b></p> |

| Project / Task           | Lead Officer                   | Start Date | Finish Date | SMART Targets / Actions & Milestones  | Status | Update  |
|--------------------------|--------------------------------|------------|-------------|---|--------|---|
| Business Rates Retention | Principal Financial Accountant | April 2015 | March 2016  | <ul style="list-style-type: none"> <li>• Corporate review of processes and systems involved in setting the budget for the BRR regime including completion of NNDR1 and NNDR3</li> <li>• Corporate review of processes and systems involved in monitoring BRR regime</li> <li>• Report and recommendations for new end to end process to HOS SFS and CFOs (s151s)</li> <li>• Publication of end to end procedures notes including timetable</li> <li>• Staff training</li> </ul> | GREEN  | <p>On Track – the end date of this project has been extended to take account of the new Pooling Arrangements and liaison with Ribble Valley who are the 'Lead Authority' (Administrators). The forward implication of the '100% retention' regime referred to within the Spending Review 2015 announcements also needs to be fully investigated and explored. As the critical funding regime is undergoing much revision it has been included within the 2016/17 BIP for completion. The track record to date for both CBC and SRBC with regard to accurate budgeting projections and collection fund management by far exceeds the national picture.</p> |

| Project / Task   | Lead Officer                  | Start Date | Finish Date | SMART Targets / Actions & Milestones   | Status | Update   |
|--|-------------------------------|------------|-------------|--|--------|--|
| Fees and Charges (Including a review of internal recharging systems and processes) | Senior Management Accountants | April 2015 | March 2016  | <ul style="list-style-type: none"> <li>Review all income streams that are now subject to cost recovery only criteria to confirm compliance</li> <li>Recommend corrective action where required</li> <li>Undertake benchmark exercise with other Authorities</li> <li>Work with SFS Management Team to formulate a strategy to consider and included the Political perspective</li> <li>Report findings to SFS Management Team and also CFOs (s151s)</li> <li>Make recommendations to maximise contributions to MTFS and bridging forecasted budget gaps</li> </ul> | AMBER  | <p>This project has not been concluded in 2015/16 as the focus and priorities within this budget setting round, and therefore resources, were allocated elsewhere i.e. Spending Review 2015, NNDR including Pooling, reporting format and Borough Investment/Reserves Review.</p> <p>In addition Lancashire Districts are taking part in a wider CIPFA benchmarking exercise, the result of which will very much inform this project.</p> <p>The solution for delivery is that this project will be rolled forward for inclusion in the 2016/17 BIP.</p> |
| <b>Systems Development &amp; Exchequer Services</b>                                |                               |            |             |  |        |  |
| Payment Card Industry – Data Security Standard PCI-DSS (version 3) Compliance      | Financial Systems Manager     | April 2015 | June 2015   | <ul style="list-style-type: none"> <li>Review contents of regulation and requirements</li> <li>Translate into project plan</li> <li>Communications strategy</li> <li>Liaison with internal partners</li> <li>Implement required internal process change</li> <li>Collate evidence and submit self-assessment questionnaire</li> </ul>  | GREEN  | Completed  |

| Project / Task  | Lead Officer                  | Start Date | Finish Date | SMART Targets / Actions & Milestones   | Status | Update   |
|---|-------------------------------|------------|-------------|--|--------|--|
| <p>Successful implementation of the FMIS Development Plan with particular focus on the review and development of the following processes and systems and to achieve effective and efficient self-serve functionality:<br/>Payroll services – Case Study including alternative solutions for partnership working or in house service delivery<br/>Debtors and creditors</p> <p>To also include a review of the all current products available to ensure that the system best supports the whole ICT infrastructure and strategies at both Councils</p> | Financial Systems Manager     | April 2015 | March 2016  | <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' CEOs/CFOs</li> <li>Link and co-ordinate projects with management<br/>Accountancy processes project</li> <li>Consult with users &amp; 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> | GREEN  | <p><b>On Track – This programme continues into the 2016/17 BIP. Work is underway at both CBC and SRBC to develop and upgrade systems and processes.</b><br/><b>A more detailed overview of this project is attached in Appendix Three.</b></p> |
| <b>Procurement Services</b>   |                               |            |             |  |        |  |
| Roll out use of The Chest to key users  | Principal Procurement Officer | April 2015 | August 2016 | <ul style="list-style-type: none"> <li>Liaise with users selected to be The Chest 'key users'</li> <li>Undertake training as appropriate</li> <li>Provide reference material and aide memoires to assist with remote self-serve support</li> </ul>   | GREEN  | Completed  |

## PERFORMANCE TARGETS 2015/16

## SHARED ASSURANCE SERVICES

| Key Measures                            | Lead Officer | CBC/<br>SRBC/<br>SS | Actual<br>2014/15 | Target<br>2015/16 | Target<br>to date<br>2015/16 | Actual<br>to date<br>2015/16 | Status | Comments                                    |
|---|--------------|---------------------|-------------------|-------------------|------------------------------|------------------------------|--------|---|
| <b>Internal Audit</b>                   |              |                     |                   |                   |                              |                              |        |   |
| % Planned Time Utilised                 | DH           | CBC                 | 94%               | 90%               | 90%                          | 112%                         | GREEN  | Target exceeded                             |
|   |              | SRBC                | 94%               | 90%               | 90%                          | 94%                          | GREEN  | Target exceeded                             |
|   |              | SS                  | 100%              | 90%               | 90%                          | 81%                          | RED    | Below target due to unused contingency      |
| % Audit Plan Completed                  | DH           | CBC                 | 100%              | 100%              | 100%                         | 93%                          | RED    | Below target – 1 review deferred to 2016/17 |
|   |              | SRBC                | 100%              | 100%              | 100%                         | 94%                          | RED    | Below target – 1 review deferred to 2016/17 |
|   |              | SS                  | 100%              | 100%              | 100%                         | 100%                         | GREEN  | Target achieved                             |
| Percentage of Management Actions Agreed | DH           | CBC                 | 98%               | 98%               | 98%                          | 100%                         | GREEN  | Target exceeded                             |
|   |              | SRBC                | 100%              | 98%               | 98%                          | 100%                         | GREEN  | Target exceeded                             |
|   |              | SS                  | 100%              | 98%               | 98%                          | 100%                         | GREEN  | Target exceeded                             |

| Key Measures  | Lead Officer | CBC/<br>SRBC/<br>SS | Actual<br>2014/15 | Target<br>2015/16 | Target<br>to date<br>2015/16 | Actual<br>to date<br>2015/16 | Status       | Comments  |
|---|--------------|---------------------|-------------------|-------------------|------------------------------|------------------------------|--------------|---|
| % customer satisfaction rating – assignment level   | DH           | CBC                 | 92%               | 90%               | 90%                          | 97%                          | GREEN        | Target exceeded   |
|   |              | SRBC                | 91%               | 90%               | 90%                          | 90%                          | GREEN        | Target achieved   |
|   |              | SS                  | 97%               | 90%               | 90%                          | 100%                         | 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 | Recommended for deletion as per the equivalent SFS KPI due to reduced value of score on service performance management. |
| % Professionally Qualified Staff as a % of Total Internal Audit Staff (FTE's)                   | GB           | N/A                 | 100%              | 82.5%             | 82.5%                        | 100%                         | GREEN        | Target exceeded   |
| <b>Risk Management Services</b>   |              |                     |                   |                   |                              |                              |              |   |
| 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 | Recommended for deletion as per the equivalent SFS KPI due to reduced value of score on service performance management. |
| Average customer satisfaction score per insurance claim (max 5.0)                               | AA           | N/A                 | 4.7               | 4.7               | 4.7                          | 4.7                          | 4.7          | Target achieved   |

## SHARED FINANCIAL SERVICES

| Key Measures   | Lead Officer | Actual 2014/15 | Target 2015/16 | Target to date 2015/16 | Actual to date 2015/16 | Status | Comments  |
|--|--------------|----------------|----------------|------------------------|------------------------|--------|---|
| <b>Finance As A Whole</b>  |              |                |                |                        |                        |        |   |
| % of professionally qualified finance staff as % of total finance staff (vfm Secondary 1)              | SG           | 23%            | 19%            | 19%                    | 33.3%                  | GREEN  | Target exceeded – 4 out of 21 posts are qualified positions, the service employees 7 members of staff who are Chartered Institute of Public Finance and Accountancy (CIPFA) qualified.                                      |
| <b>Accountancy</b>   |              |                |                |                        |                        |        |   |
| (Over)/Underspend within 1% of manageable/cash revenue budget  | SG           | 1.44%          | < (+/-) 1%     | < (+/-) 1%             | 1.085%                 | AMBER  | This KPI has been marginally exceeded. The amount above the target equates to a budget variation of £26k against an average annual budget of £14.5m   |
| % variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3) | SG           | (2.97%)        | 5%             | 5%                     | 0.88%                  | GREEN  | Target Achieved   |
| 15 working days from period-end closure to the distribution of financial reports (VFM Primary 2)       | JT/JB        | 100%           | 100%           | 100%                   | 100%                   | GREEN  | Target Achieved   |
| Compliance with the Prudential Code for Capital Finance in Local Authorities                           | MJ           | 100%           | 100%           | 100%                   | 100%                   | GREEN  | Target Achieved   |
| Year- end statutory accounts to contain no material errors and have an unqualified audit opinion       | SG           | 0              | 0              | 0                      | 0                      | GREEN  | Target Achieved (2014/15 SOAs) – this is the 7 <sup>th</sup> year totalling 14 SOAs (2008/09 to 2014/15) completed with only one material error being a classification adjustment that did not impact on the 'bottom line.' |



| Key Measures  | Lead Officer | Actual 2014/15 | Target 2015/16                                   | Target to date 2015/16 | Actual to date 2015/16 | Status | Comments  |
|---|--------------|----------------|--|------------------------|------------------------|--------|---|
| Statutory Grant Claims and Returns to be submitted on time                      | JT/JB/MJ     | 95.83%         | 100%   | 100%                   | 94.2%                  | RED    | In 2015/16 the service submitted 69 returns. Of these 69 returns the submission statistics are:<br>Sent in Early = 55 returns equating to 80%<br>Sent in on Time = 10 returns equating to 15%<br>Sent in Late = 4 returns equating to 5%                          |
| Achievement of industry investment benchmarks                                   | MJ           | 0.52%          | Outperform London Inter-Bank (LIBID) rate by 10% | 0.396%                 | 0.530%                 | GREEN  | Target Exceeded<br>This out-turn position is also influenced on the Capital Financing strategies followed by both Councils and by the extent to which internal cash is used to replace external borrowing thus making budgetary savings on the cost of financing. |
| <b>Systems Development &amp; Exchequer Services</b>                             |              |                |  |                        |                        |        |   |
| Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10) | LH           | 99%            | 99%  | 99%                    | 99.43%                 | GREEN  | Target Exceeded   |
| Supplier Payment within 10 days (local indicator)                               | LH           | 81%            | 80%  | 80%                    | 86.59%                 | GREEN  | Target Exceeded   |
| % of supplier payments by electronic means (VFM Secondary 7)                    | LH           | 99%            | 95%  | 95%                    | 99.37%                 | GREEN  | Target Exceeded   |
| % of remittances to suppliers by electronic means                               | LH           | 98%            | 100%   | 100%                   | 95.32%                 | AMBER  | Paper remittances are currently being dispatched where electronic contact details are not known to re-introduce an additional control on the accuracy of bank details.  |
| % of Financial Systems availability   | LH           | 100%           | 99.5%  | 99.5%                  | 99.96%                 | GREEN  | Target Exceeded   |

| Key Measures   | Lead Officer | Actual 2014/15 | Target 2015/16 | Target to date 2015/16 | Actual to date 2015/16 | Status | Comments   |
|--|--------------|----------------|----------------|------------------------|------------------------|--------|--|
| <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           | 100%           | 90%            | 90%                    | 100%                   | GREEN  | Target Exceeded – this is the second year in a row that 100% customer satisfaction has been achieved |