

SHARED SERVICES JOINT COMMITTEE

THURSDAY, 14TH SEPTEMBER, 2017, 6.00 PM

COMMITTEE ROOM 1, TOWN HALL, MARKET STREET, CHORLEY
PR7 1DP

SUPPLEMENTARY AGENDA

I am now able to enclose, for consideration at the above meeting of the Shared Services Joint Committee, the following information:

- | | |
|---|-----------------|
| 6 Performance Management Report | (Pages 19 - 36) |
| Report of the Head of Shared Financial Services (enclosed). | |
| 7 Business Improvement Plan 2017/18 | (Pages 37 - 64) |
| Report of the Head of Shared Financial Services (enclosed). | |
| 12 Review of Shared Financial Services and Shared Assurance Services | |
| This Item has been withdrawn from the agenda. | |

Heather McManus
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Shared Services Joint Committee

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REPORT TO	DATE OF MEETING
Shared Services Joint Committee	14 th September 2017



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

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report demonstrates the progress made so far against the key service developments and performance indicators in the 2017/18 Business Improvement Plan (BIP).

The report shows progress as at the **end of July 2017** and therefore covers the first **4 months** of the year.

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

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

RECOMMENDATIONS

That members note the progress on overall performance and comment as appropriate on the report.

DETAILS AND REASONING

The Joint Committee has previously approved the Service Level Agreement which sets out the key outputs required of the Partnership and the individual performance measures against which it will be judged. The Business Improvement Plan translates these outputs and measures into specific deliverables and targets which need to be achieved during 2017/18.

Full statements of the progress made on the key projects and the performance targets as at the end of July 2017 are shown in **Appendices One** and **Two**. The highlights from these statements are expanded upon in the body of the report.

EXECUTIVE SUMMARY

21 of the **24** key projects for this year have been completed or are on track and plans are in place to address the remaining **3**.

Only **1** of the **32** performance measures are at “red” or “amber” status and explanations for these are provided below.

The Partnership is also operating well within its approved budget and is currently expected to achieve an under-spend against its budget by the end of the financial year of **£0.033m**. An analysis of variations is shown later in the report.

KEY SERVICE DEVELOPMENTS

There are **24** key projects included in the BIP which represent service developments for 2017/18. Using a traffic light system, the progress is summarised in the table below:

Detail	Assurance Services	Financial Services
Green Projects - on track	14	7
Amber Projects	2	1
Red Projects	-	-
Total	16	8

The following paragraphs provide commentaries on an exception basis for projects that are considered to have an Amber or Red status.

ASSURANCE SERVICES PROJECTS

RED PROEJCTS

There are no red projects for Shared Assurance Services.

AMBER PROJECTS

Review and update the Risk Management Frameworks at both Councils

The original target date for producing the Framework Document has been rescheduled from June to December to enable the new GRACE software to embed and to finalise the entire risk reporting process including the new Corporate Risk Register and Project, Partnership and Procurement Risk Registers.

E-enable and re-issue BCPs (Chorley)

The original target date has been rescheduled from June to December to enable the new CONNIE software to be rolled out and to take account of pending organisational restructuring.

FINANCIAL SERVICES PROJECTS

RED PROEJCTS

There are no red projects for Shared Assurance Services.

AMBER PROJECTS

Closure of Accounts - review to reduce timetable and facilitate tested and successful completion by 30th May 2018.

Only one of the two Statement of Accounts was completed before the end of May 2017 (on the 17th). Once the external audit of accounts has been completed in September a full problem solving review will be undertaken to identify the factors that took one of the table off course for one Council. As the timetable proved to be successful there is confidence that both Statements of accounts will successful meet the new statutory deadline for 2017/18 closure process.

PERFORMANCE TARGETS

The partnership has **32** performance indicators which are all local indicators and draw on the work of the National Audit Office (Value for Money in Public Sector Corporate Services 2007).

Again using a traffic light system, the progress against these indicators to the end of July 2017 is shown in the table below:-

Detail	Assurance Services	Financial Services
Green on target	13	10
Amber – within 5% of target	0	0
Red – more than 5% off target	0	1
Not measured (*)	1	7
Total	14	18

(*) These indicators are currently reported on a half-yearly or annual basis and as such the performance information of some of these measures are not within this document. The new training KPIs for SFS will be finalised after this Joint Committee meeting and reported on a quarterly basis thereafter.

ASSURANCE SERVICES

Red Targets

There are no red targets for Shared Assurance Services

Amber Targets

There are no amber targets for Shared Assurance Services

FINANCIAL SERVICES

Red Targets

One target is RED for Shared Financial Services as follows:-

KPI	Target	Actual	Variation
Statutory Grant Claims and Returns to be submitted on time	100%	83.33%	16.67%
<p>24 returns have been submitted, of which:- 10 were submitted early = 42% 10 were submitted on time = 42% 4 were submitted late = 17% Both Whole of Government Accounts returns were returned late due to the supplied spreadsheet containing errors and outwith the control of SFS. Two other returns were not submitted on time due to the none receipt of electronic deadline notifications.</p>			

Amber Targets

There are no Amber targets for Shared Financial Services.

BUDGET PERFORMANCE STATEMENTS

The table below compares the projected out-turn position, estimated as at **31/07/17** to the partnership's budget. The subsequent budget variations are highlighted together with any actions required to bring performance back on track. The partnership's budget for 2017/18 is **£1.592m** plus **£0.063m** brought forward to support projects within the Business Improvement Plan (BIP). Comparing this revised budget against the forecasted out-turn of **£1.622m** the anticipated underspend is **£0.033m**.

Cost Category	Partnership Budget £m	Projected out-turn as at 31 st March 2018 £m	Under or (Over) Spend £m
Salaries Costs	1.393	1.362	0.031
Car Leasing	0.035	0.033	0.002
Employee Related Insurance	0.015	0.015	-
Lancashire County Council Audit Budget	0.012	0.012	-
Transport	0.011	0.010	0.001
Financial Management Information System	0.062	0.060	0.002
Supplies and Services	0.064	0.066	(0.002)
Sub - Total	1.592	1.558	0.034
Budget brought forward from 2016/17 Underspend FMIS project:- Asset Management; Budget Module; Technology Forge (CBC) Purchase Card Module; Paperless Direct Debit (SRBC sundry debtors); PCI-DSS audit (CBC)	0.063	0.064	(0.001)
TOTAL	1.655	1.622	0.033

Estimated Budget Variations

The underspend on employee costs has been brought about by the following:-

	£m
Budget savings as a result of part-time working within a full-time post	0.024
Vacancies – offset by temporary staff	0.016
Additional duties (South Ribble CFO/s151 and Interim Financial Services Manager)	(0.011)
Total of all other forecasted minor budget variations	0.002
TOTAL	0.033

WIDER IMPLICATIONS

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

FINANCIAL	The wider implication of the financial performance of the Partnership is the full year impact on both Councils' Medium Term Financial Strategies. Any under-spend achieved at year end against the Partnership's budget will be passed on in total to both Councils by means of a reduced recharge.
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RISK	A full risk assessment is set out in the Partnership Business Improvement Plan for 2017/18.
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OTHER (see below)	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Partnership Business Improvement Plan 2017/18

KEY SERVICE DEVELOPMENTS 2017/18

SHARED ASSURANCE SERVICES

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Internal Audit						
Arrange induction training for any new Governance Committee members who require it (CBC/SRBC)	GB/DH	April 2017	June 2017	<ul style="list-style-type: none"> • Identification of new members training needs 	GREEN	Completed
Develop and implement a risk-based approach to auditing at both Councils	GB/DH	April 2017	Ongoing	<ul style="list-style-type: none"> • Drafting of new procedure • Consultation with CEO's / SMT's • Acquisition of software • Approval by Governance Committees 	GREEN	Roll out in progress
Assist the Monitoring Officers of both Councils to revise their Local Codes of Governance to conform with the latest CIPFA SOLACE standards	GB/DH	April 2017	June 2017	<ul style="list-style-type: none"> • Revision of documentation • Reporting to Governance Committees • Check compliance as a part of the annual governance reviews 	GREEN	Completed
In conjunction with Fylde BC, undertake a peer review of Preston CC Internal Audit in accordance with the latest Internal Auditing Standards	GB/DH	April 2018	July 2018	<ul style="list-style-type: none"> • Review of policies and procedures • Arrange stakeholder interviews • Receive and agree report making recommendations 	GREEN	Completed

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Arrange a peer review of Internal Audit by the Audit Managers of neighbouring authorities in accordance with the latest Internal Auditing Standards	GB/DH	January 2018	March 2018	<ul style="list-style-type: none"> Review of policies and procedures Arrange stakeholder interviews Receive and agree report making recommendations 	GREEN	On target
Risk Management						
Review and update the Risk Management Frameworks at both Councils	GB/KM	April 2017	June 2017	<ul style="list-style-type: none"> Review integration with the corporate/service planning processes Consider software options 	AMBER	The target date for producing the Framework Document has been rescheduled to December to enable the new GRACE software to embed and to finalise the entire risk reporting process including the new Corporate Risk Register and project, partnership and procurement risk registers.
Work with insurance providers to develop and implement risk management reviews (CBC/SRBC)	GB/KM	April 2017	December 2017	<ul style="list-style-type: none"> Arrange & facilitate new programmes for 2017 Focus on key risks and the need for sound risk management 	GREEN	In progress
Emergency & Business Continuity Planning						
Produce 6 Monthly Progress Report following Scrutiny Review of Flooding (SRBC)	GB/KM	April 2017	June 2017	<ul style="list-style-type: none"> Undertake review Produce report for members 	GREEN	Completed. Reported to the August meeting.
E-enable and re-issue BCPs (CBC)	GB/KM	April 2017	June 2017	<ul style="list-style-type: none"> Acquire & populate software Arrange training Oversee implementation 	AMBER	The target date has been rescheduled for December to enable the new CONNIE software to be rolled out and to take account of pending organisational restructuring.
Undertake BCP Testing (CBC)	GB/KM	September 2017	December 2017	<ul style="list-style-type: none"> Plan & arrange exercise Test arrangements Produce de-briefing report 	GREEN	On target
Revise and re-issue the Emergency Plan after proposed restructure (SRBC)	GB/KM	September 2017	December 2017	<ul style="list-style-type: none"> Review & update system Arrange awareness training 	GREEN	On target

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
E-enable and re-issue BCPs after proposed restructure (SRBC)	GB/KM	September 2017	December 2017	<ul style="list-style-type: none"> Acquire & populate software Arrange training Oversee implementation 	GREEN	On target
Undertake BCP Testing (SRBC)	GB/KM	January 2018	March 2018	<ul style="list-style-type: none"> Plan & arrange exercise Test arrangements Produce de-briefing report 	GREEN	On target
Undertake a Rest Centre simulation exercise (SRBC & CBC)	GB/KM	January 2018	March 2018	<ul style="list-style-type: none"> Plan & arrange exercise Test whole arrangements (SAS, Leisure, Housing, PR) 	GREEN	On target
Insurance						
Roll out procedures to ensure compliance with the new information disclosure requirements contained in the Insurance Act 2015 (CBC/SRBC)	GB/KM	April 2017	June 2017	<ul style="list-style-type: none"> SMT briefings / agree quarterly information collection procedure / brief staff & implement 	GREEN	Completed
E-enable insurance claims administration	GB/KM	April 2017	December 2017	<ul style="list-style-type: none"> Appraisal of bespoke software solutions / procurement of preferred option / staff training & rollout 	GREEN	On target

SHARED FINANCIAL SERVICES

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Financial Services As A Whole						
<p>From 2016/17 BIP to be continued:</p> <p>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.</p>	Head of Service	April 2017	March 2018	<ul style="list-style-type: none"> Identify priority issues for customers and Shared Services Consult customers Produce packages Deliver training Develop self-service continual training via intranets 	GREEN	<p>Training Needs Analysis completed. Some training delivered to both Officers and Members. Training packages to be written with full timetable for 2017/18.</p>
<p>New for 2017/18 BIP:</p> <p>Support and Monitoring of new 2017/18 MTFS at SRBC. Write and Implement a Budget Setting Strategies and MTFS delivery timetable at SRBC.</p>	Head of Shared Financial Services as Acting CFO at SRBC	April 2017	<p>IRG & Programme Board Reporting June 2017 Detailed September 2017 Budget Policies Complete December 2017</p>	<ul style="list-style-type: none"> Consult with CEO and Cabinet Member for Finance. Draft Strategies. Report to SMT. Report to Cabinet. Embed within Corporate Policy Framework. Organise and Chair Members' budget group. Report progress and performance as part of Improvement Reference Group. 	GREEN	<p>IRG reporting ongoing. Draft Strategies on SMT forward plan in September due to be reported to Cabinet Workshop on 17th October 2017. Member Budget Group is a training forum and undergoing course of training.</p>

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Management and Financial Accountancy Services						
<p>From 2016/17 BIP to be continued:</p> <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 2017	March 2018	<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. 	GREEN	Proposals for expanding Shared Services and the Review into SFS being progressed that will facilitate a finalised structure. Work streams, type of work and level can therefore be equally defined at both Councils, agreed to provide clarity of desired outcomes and service provision so this project can be brought to a conclusion.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
<p>Updated for 2017/18 BIP:</p> <p>Closure of Accounts : Review to reduce timetable and facilitate tested and successful completion by 30th May 2018.</p>	Principal Financial Accountant	April 2017	May 2017	<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. <p>Weekly project meetings during closure.</p>	AMBER	<p>Only one of the two Statement of Accounts was produced by the end of May 2017. At date of publishing external audit have not completed their audit finding reports.</p>
<p>From 2016/17 BIP to be continued:</p> <p>Business Rates Retention – Pooling Agreement and new Developing Regime as part of SR 2015</p>	Principal Financial Accountant	April 2017	November 2017	<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 	GREEN	On Target

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Procurement Services						
<p>New for 2017/18 BIP:</p> <p>Full and complete review of Procurement compliance incl. repeat spend analysis exercises for both Councils (subject to workloads and new procurements for 2017/18 MTFS major projects requiring scheduling and not notified of yet).</p>	Principal Procurement Officer	April 2017	March 2018	<ul style="list-style-type: none"> Review current documentation. Consult with specialist colleagues e.g. legal, insurance etc. Update Guide. Communicate changes. 	GREEN	On Target
<p>New for 2017/18 BIP – June JC:</p> <p>Adapt the Staff Guide to Procurement document into a Member Guide to Procurement</p>	Principal Procurement Officer	Sept 2017	Feb 2018	<ul style="list-style-type: none"> Review current document and adapt for information salient for Members as an aide memoir. Consult with a group of members, gain feedback and finalise. Roll out on Member intranets. Provide training. 	GREEN	On Target

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Systems Development & Exchequer Services						
<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 	Principal Systems & Financial Accountant and System Development Manager	April 2017	March 2018	<ul style="list-style-type: none"> • Identify the timescales, resources and priorities within the plan • Approval of the plan by the Councils' CEOs/CFOs • Link and co-ordinate projects with Management Accountancy processes project • Consult with users and Council's ICT sections • Use the Council's project management methodology • Successfully implement the developments within the financial systems development plan • Establish productivity gain measures where possible for each system improvement strand • Ensure all financial data complies with the Councils' Data Quality policies 	GREEN	On Target

PERFORMANCE TARGETS 2017/18

SHARED ASSURANCE SERVICES

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2016/17	Target 2017/18	Target to date 2017/18	Actual to date 2017/18	Status	Comments
Internal Audit								
% Planned Time Utilised	DH	CBC	92%	90%	30%	30%	GREEN	Target achieved
		SRBC	93%	90%	30%	30%	GREEN	Target achieved
		SS	90%	90%	25%	28%	GREEN	Target exceeded
% Audit Plan Completed	DH	CBC	89%	100%	13%	13%	GREEN	Target achieved
		SRBC	92%	100%	15%	15%	GREEN	Target achieved
		SS	100%	100%	0%	0%	GREEN	Not applicable
Percentage of Management Actions Agreed	DH	CBC	100%	98%	100%	100%	GREEN	Target achieved
		SRBC	100%	98%	100%	100%	GREEN	Target achieved
		SS	100%	98%	0%	0%	GREEN	Not applicable

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2016/17	Target 2017/18	Target to date 2017/18	Actual to date 2017/18	Status	Comments
% customer satisfaction rating – assignment level	DH	CBC	97%	90%	90%	92%	GREEN	Target exceeded
		SRBC	96%	90%	90%	91%	GREEN	Target exceeded
		SS	100%	90%	0%	0%	GREEN	Not applicable
% Professionally Qualified Staff as a % of Total Internal Audit Staff (FTE's)	GB	N/A	100%	82.5%	N/A	N/A	N/A	Not measured – annual indicator
Risk Management Services								
Average customer satisfaction score per insurance claim (max 5.0)	KM	N/A	4.7	4.7	4.7	4.7	GREEN	Target achieved

SHARED FINANCIAL SERVICES

Key Measures	Lead Officer	Actual 2016/17	Target 2017/18	Target to date 2017/18	Actual to date 2017/18	Status	Comments
Finance As A Whole							
% of professionally qualified finance staff as % of total finance staff (vfm Secondary 1)	SG	33.3%	19%	19%	33.33%	GREEN	Target Exceeded
% of 97 Members Trained – Public Finance (incl. procurement) (50 @ SRBC; 47 @ CBC)	SG	n/a	87.6% (85 members)	n/a	n/a	n/a	Since the training KPIs were include in June2017 a Training Needs Analysis has been completed. On completion of the Closure of Accounts a detailed schedule will be produced that will enable the data quality procedure note to be finalised to provide precise measuring methodology re: Member Training.
% of Directors Trained – Public Finance (incl. procurement)	SG	n/a	100%	n/a	n/a	n/a	
% of Governance Committee Members Trained:- Statement of Accounts, and Treasury Management	SG	n/a	100%	n/a	n/a	n/a	
% Budget Holders Trained – Financial Regulations and CPRs incl. Procure to Pay Process	SG	n/a	100%	n/a	n/a	n/a	
Accountancy							
% variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3)	SG	(1.25)%	<(+/-) 5%	0	n/a	n/a	Not Measured – year end Annual Indicator
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	MLJ	100%	100%	100%	100%	GREEN	Target Achieved

Key Measures	Lead Officer	Actual 2016/17	Target 2017/18	Target to date 2017/18	Actual to date 2017/18	Status	Comments
Year- end statutory accounts to contain no material errors and have an unqualified audit opinion	SG	0	0	0	n/a	n/a	External Audit to be completed in September 2017.
Statutory Grant Claims and Returns to be submitted on time	JT/JB/MJ	96.55%	100%	100%	83.33%	RED	24 returns have been submitted, of which:- 10 were submitted early = 42% 10 were submitted on time = 42% 4 were submitted late = 17%
Achievement of industry investment benchmarks	MLJ	0.54%	Outperform London Inter-Bank (LIBID) rate by 15%	0.110% x 1.15 = 0.127%	0.48%	GREEN	Target Exceeded
Systems Development & Exchequer Services							
Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10)	LH	98.15%	99%	99%	99%	GREEN	Target Achieved
Supplier Payment within 10 days (local indicator)	LH	80.83%	83%	83%	83.9%	GREEN	Target Achieved
% of supplier payments by electronic means (VFM Secondary 7)	LH	99.55%	97%	97%	99.5%	GREEN	Target Exceeded
% of remittances to suppliers by electronic means	LH	95.96%	95%	95%	98.2%	GREEN	Target Achieved
% of Financial Systems availability	LH	99.99%	99.5%	99.5%	99.97%	GREEN	Target Exceeded
Procurement Services							
Professionally qualified staff as % of total procurement employees (vfm Secondary 1)	JH	100%	50%	50%	100%	GREEN	Target Exceeded
LIB/P12 Satisfaction with the corporate procurement function	JH	100%	90%	N/A	N/A	N/A	Measured later in the financial year

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REPORT TO	ON
Shared Services Joint Committee	14 th September 2017



TITLE	AUTHORS
Business Improvement Plan & Budget 2017/18 (Updated)	G Barclay & S Guinness

1. PURPOSE OF THE REPORT

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 **ninth** complete financial year of its operation.

At the March meeting members were presented with an Interim BIP to June 2017 because Shared Financial Services (SFS) had experienced an exceptional year in 2016/17 with regard to staffing arrangements that had varied extensively since the 2016/17 BIP was approved. For that reason some of the projects had not been completed, therefore, the BIP was rolled forward for some SFS projects purely on a temporary basis whilst various service reviews were completed and roles and responsibilities within the service were finalised. Currently, the review of the service and the expansion of shared services is ongoing and therefore roles and responsibilities have not been finalised. The review into the service, however, will be finalised in the near future which will allow the BIP to be updated accordingly.

Some amendments were made in June at the last Joint Committee, these are as follows:-

- New Project to produce Members' Guide to Procurement
- Updated timetable for SRBC Budget Setting Process
- New Key Performance Indicators for Financial Training

Members are advised that following the service review, a further updated BIP for 2017/18 will be presented to Joint Committee for approval.

That said, a performance report is presented to Committee for information and will receive regular reports thereafter highlighting the actions taken to deliver service improvements and performance targets, including budget updates and a detailed Annual Report at the year-end.

2. RECOMMENDATION

That the Joint Committee notes the contents of the report and the changes made since it was last reported.

3. CORPORATE PRIORITIES

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

4. BACKGROUND TO THE REPORT

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 2017/18, the current agreed set of development work streams and Key Performance Indicators are shown in the tables at **Appendices Two and Three** of the BIP.

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

- A **Risk Register** for identifying and acting upon the key risks and opportunities facing the Partnership in 2017/18;
- 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 2017/18;
- An outline of the **business opportunities** which it is intended to exploit in 2017/18.

5. WIDER IMPLICATIONS

5.1 Comments of the Statutory Finance Officer

The agreed budget for the Partnership in 2017/18 is set out in this report and has also been included in the budget setting processes at each Council.

5.2 Comments of the Monitoring Officer

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.

<p>Other implications:</p> <ul style="list-style-type: none"> • Risk 	<p>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.</p>
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6. BACKGROUND DOCUMENTS

There are no background papers to this report

FINANCIAL & ASSURANCE SHARED SERVICES PARTNERSHIP

BUSINESS IMPROVEMENT PLAN

2017/18

(Updated June 2017)

CONTENTS

NEW RISKS & OPPORTUNITIES FOR 2017/18

PARTNERSHIP BUDGET 2017/18

KEY SERVICE DEVELOPMENTS & TARGETS 2017/18

- Service Level Agreement
- Service Developments 2017/18
- Performance Information
- Performance Reporting
- Data Quality

CONTRACTS & PARTNERSHIPS

DELIVERING EFFICIENCIES

BUSINESS OPPORTUNITIES

APPENDICES

- APPENDIX ONE – RISK REGISTER
- APPENDIX TWO – SERVICE DEVELOPMENTS 2017/18
- APPENDIX THREE – PERFORMANCE INFORMATION 2017/18
- APPENDIX FOUR – CONTRACTS REGISTER

NEW RISKS & OPPORTUNITIES FOR 2017/18

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 ninth 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.
- 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.
- Implementation of new key service improvement plans and strategies e.g. the Corporate Improvement Plan, Budget Setting Strategy and Delivery of the MTFs within SRBC.

PARTNERSHIP BUDGET 2017/18 (Summary)

Budget	2016/17 £000	2017/18 £000	Variation £000	Notes
Employees				
Salaries Costs	1.368	1.393	0.025	Increase in pension contributions at both councils. Increase to NI contributions on car leasing.
Car leasing	0.032	0.035	0.003	
Employee Related Insurance	0.013	0.015	0.002	Creation of career graded post in Shared Assurance Services.
Lancashire County Council Internal Audit Budget	0.010	0.012	0.002	Additional audit days
Transport	0.011	0.011	-	
Financial Management Information System	0.062	0.062	-	
Supplies and Services	0.050	0.064	0.014	Inflationary Increases and Subscription to electronic publications from CIPFA
TOTAL BUDGET	1.546	1.592	0.046	

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

- Triennial pension fund re-valuation resulted in the Pension Deficit Contributions proportionately decreasing for the service.
- Corresponding increase in the employer pension rate following triennial review.
- Changes to staff scale points within the posts pay grade.
- Pay-award.
- The budget set out above links directly into the budgets proposals within each Councils' individual draft Medium Term Financial Strategies (MTFSs) for 2017/18 onwards.

Employee Budget Variations	£000
Changes to Employer pension contribution	30
Pay-award	13
Inflationary Increases	10
SAS – delete Apprentice post and Establish Assistant post	9
Increments to Employees	5
Increases in National Insurance on car leases	3
Increase in planned audit days from LCC	2
Various other minor adjustments	1
Pension Deficit Recovery	(17)
Base Budget Review	(10)
Total Budget Movement 2016/17 to 2017/18	46

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 MTFSSs 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 2017/18

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 when operating within its approved structure. Structure charts are attached at **Appendix Five** for new members to familiarise themselves with the functions within the service and the structure that is supported by the approved budget contained in this document. These outputs and measures have been translated into specific service developments and targets which need to be achieved during 2017/18.

Service Developments 2017/18

A table showing the annual objectives and key projects for 2017/18 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 2017/18. The shared services arrangements will be reviewed in 2017/18 given the extensive corporate project plans for 2017/18 and also to 2019/20 for both Councils. The critical projects closely related to, and fundamental in achieving the Medium Term Financial Strategies approved for 2017/18. The service also has an age profile that means that succession planning must be a priority and accommodated within the structure and also personal development plans in the coming years. As a result of the temporary staffing arrangements agreed in respect of s151 duties at South Ribble and backfilling, this BIP has been rolled forward from 2016/17 with regard to Service Developments. Once the final position has been agreed in respect of reviewing capacity, an updated 2017/18 BIP will be brought back to the Joint Committee for approval.

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 June 2017 is contained in the table at **Appendix Four**.

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. The aim in 2017/18 is to consolidate the management of various feeder systems, such as cash receipting, to enable the Councils to continue to benefit from the shared services approach e.g. Subscription based regime for the collection of Garden Waste. This involves a feasibility studies into returning outsourced services in house or finding other more efficient options including partnership arrangements for single financial functions. Should the outcome of these reviews result in new internally managed systems then once they have been fully embedded this may be the point where opportunities for business expansion should it be viable and beneficial to do so.

It should be noted that both Councils contain efficiency targets within each 2017/18 MTFS to 2019/20 to reflect an intension to share more services. For clarity, as new services are identified for potential sharing, the best delivery model will be determined according to the service requirements which may be the same as the operating model for Finance and Assurance Services or other arrangements could be applied should this be necessary to maintain particular service legal frameworks, statutory duties, needs and demands where applicable.

DELIVERING EFFICIENCIES

Within their approved 2017/18 MTFS both Councils have set significant savings targets from the expansion of shared services as a result of the success of the current arrangements in securing robust, deliverable and recurring budgetary efficiencies.

Budget Efficiencies 2017/18

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 2017/18 BIP, however, the service is continuing 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.

The Joint Procurement Strategy (JPS) 2015 to 2018 contains targets with regard to assisting Budget Holders achieve budget efficiencies through the procurement of goods and services. The target being £100,000 cumulative per Council over the three year JPS period.

Cashable Savings 2008/09 – 2017/18

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 **£0.611m** worth of budget efficiencies have been achieved on a recurring basis from the original budget position which was less than £2.0m. This Business Improvement Plan also sets out projects that aim to ensure that the partnership continues to be effective and also achieves efficiencies whenever appropriate to do so. 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	0.036	1.524
2016/17	Budget Efficiencies - recurring	(0.038)	1.486
	Net budget volumetric/ committed growth	0.060	1.546
2017/18	Budget Efficiencies - recurring	(0.020)	1.536
	Net budget volumetric/ committed growth	0.066	1.590
	TOTAL RECURRING BUDGET EFFICIENCIES TO DATE	(0.611)	
	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. The aim in 2017/18 is to consolidate the management of various feeder systems, such as cash receipting, to enable the Councils to continue to benefit from the shared services approach e.g. Subscription based regime for the collection of Garden Waste. This involves a feasibility studies into returning outsourced services in house or finding other more efficient options including partnership arrangements for single financial functions. Should the outcome of these reviews result in new internally managed systems then once they have been fully embedded this may be the point where opportunities for business expansion should it be viable and beneficial to do so.

It should be noted that both Councils contain efficiency targets within each 2017/18 MTFS to 2019/20 to reflect an intension to share more services. For clarity, as new services are identified for potential sharing, the best delivery model will be determined according to the service requirements which may be the same as the operating model for Finance and Assurance Services or other arrangements could be applied should this be necessary to maintain particular service legal frameworks, statutory duties, needs and demands where applicable.

APPENDIX ONE - RISK REGISTER 2017/18

RISK / OPPORTUNITY	MITIGATION 2016/17	FURTHER ACTION 2017/18	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 2017/18 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 to review SFS following Scrutiny Committee Licensing Review recommendations @ SRBC. 	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"> 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 less experienced leaders within the function. Further developing the Financial Management Information System (FMIS) in order to maximise the potential benefits. 	HOS	Continual during the year

RISK / OPPORTUNITY	MITIGATION 2016/17	FURTHER ACTION 2017/18	BY WHOM	BY WHEN
Corporate Improvement Plan (CIP) and Budget Setting Delivery	<ul style="list-style-type: none"> • Additional support provided to South Ribble. • Improvements to the format and content of the 2017/18 Budget Report and MTFS implemented. • Additional support and training provided to new Cabinet Portfolio Holder for Finance 	<ul style="list-style-type: none"> • New policies being developed and implemented for 2017/18 for MTFS delivery and also 2018/19 Budget Setting Process. • Continued additional support provided with regard to statutory financial duties. • New formal review meeting framework implemented including regular update meetings with Members. • Participation and contribution to delivery of the CIP including review of SFS in 2017/18. 	HOS	30 th September 2017
Implementation of New Timetable for Closure of Accounts Process	<ul style="list-style-type: none"> • Trial runs continue to be implemented and monitored, analysed and lessons learned implemented. • 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	March 2017 and ongoing review to 30 th June 2017

APPENDIX TWO - SERVICE DEVELOPMENTS 2017/18

Project / Task	Lead Officer	Start Date	Finish Date	SMART Actions & Milestones	Outcomes & Success Measures
Internal Audit					
Arrange induction training for any new Governance Committee members from 2017/18 (CBC/SRBC)	GB/DH	April 2017	June 2017	<ul style="list-style-type: none"> • Identification of new members training needs 	Positive feedback in the post training questionnaires
Develop and implement a risk-based approach to auditing at both Councils	GB/DH	April 2017	Ongoing	<ul style="list-style-type: none"> • Drafting of new procedure • Consultation with CEO's / SMT's • Acquisition of software • Approval by Governance Committees 	Greater integration and therefore efficiency between the Internal Audit and Risk Management processes
Assist the Monitoring Officers of both Councils to revise their Local Codes of Governance to conform with the latest CIPFA SOLACE standards	GB/DH	April 2017	June 2017	<ul style="list-style-type: none"> • Revision of documentation • Reporting to Governance Committees • Check compliance as a part of the annual governance reviews 	Compliance with national guidelines
In conjunction with Fylde BC, undertake a peer review of Preston CC Internal Audit in accordance with the latest Internal Auditing Standards	GB/DH	April 2018	July 2018	<ul style="list-style-type: none"> • Review of policies and procedures • Arrange stakeholder interviews • Receive and agree report making recommendations 	Implementation of learning opportunities leading to service improvements
Arrange a peer review of Internal Audit by the Audit Managers of neighbouring authorities in accordance with the latest Internal Auditing Standards	GB/DH	January 2018	March 2018	<ul style="list-style-type: none"> • Review of policies and procedures • Arrange stakeholder interviews • Receive and agree report making recommendations 	Implementation of learning opportunities leading to service improvements

Project / Task	Lead Officer	Start Date	Finish Date	SMART Actions & Milestones	Outcomes & Success Measures
Risk Management					
Review and update the Risk Management Frameworks at both Councils	GB/KM	April 2017	June 2017	<ul style="list-style-type: none"> Review integration with the corporate/service planning processes Consider software options 	Greater ownership of risk throughout the officer structure
Work with insurance providers to develop and implement risk management reviews (CBC/SRBC)	GB/KM	April 2017	December 2017	<ul style="list-style-type: none"> Arrange & facilitate new programmes for 2017 Focus on key risks and the need for sound risk management 	Greater staff awareness, skills and knowledge of the management of operational risk and improved insurance claims history / impact on premiums
Emergency Planning & Business Continuity Planning					
Produce 6 Monthly Progress Report following Scrutiny Review of Flooding (SRBC)	GB/KM	April 2017	June 2017	<ul style="list-style-type: none"> Undertake review Produce report for members 	Implementation of agreed actions following the Scrutiny review
E-enable and re-issue BCPs (CBC)	GB/KM	April 2017	June 2017	<ul style="list-style-type: none"> Acquire & populate software Arrange training Oversee implementation 	Production of a more streamlined & user friendly process that is responsive to ongoing organisational changes
Undertake BCP Testing (CBC)	GB/KM	September 2017	December 2017	<ul style="list-style-type: none"> Plan & arrange exercise Test arrangements Produce de-briefing report 	Validation of the Council's business continuity arrangements
Revise and re-issue the Emergency Plan after proposed restructure (SRBC)	GB/KM	September 2017	December 2017	<ul style="list-style-type: none"> Review & update system Arrange awareness training 	Production of a more streamlined & user friendly process that is responsive to ongoing organisational changes

Project / Task	Lead Officer	Start Date	Finish Date	SMART Actions & Milestones	Outcomes & Success Measures
E-enable and re-issue BCPs after proposed restructure (SRBC)	GB/KM	September 2017	December 2017	<ul style="list-style-type: none"> Acquire & populate software Arrange training Oversee implementation 	Production of a more streamlined & user friendly process that is responsive to ongoing organisational changes
Undertake BCP Testing (SRBC)	GB/KM	January 2018	March 2018	<ul style="list-style-type: none"> Plan & arrange exercise Test arrangements Produce de-briefing report 	Validation of the Council's business continuity arrangements
Undertake a Rest Centre simulation exercise (SRBC & CBC)	GB/KM	January 2018	March 2018	<ul style="list-style-type: none"> Plan & arrange exercise Test whole arrangements (SAS, Leisure, Housing, PR) 	Validation of the Council's emergency response arrangements
Insurance					
Roll out procedures to ensure compliance with the new information disclosure requirements contained in the Insurance Act 2015 (CBC/SRBC)	GB/KM	April 2017	June 2017	<ul style="list-style-type: none"> SMT briefings / agree quarterly information collection procedure / brief staff & implement 	Statutory compliance & reduced risk exposure
E-enable insurance claims administration	GB/KM	April 2017	December 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					
<p>From 2016/17 BIP to be continued:</p> <p>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.</p>	Head of Service	April 2017	March 2018	<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
<p>New for 2017/18 BIP:</p> <p>Support and Monitoring of new 2017/18 MTFS at SRBC. Write and Implement a Budget Setting Strategies and MTFS delivery timetable at SRBC.</p>	Head of Shared Financial Services as Acting CFO at SRBC	April 2017	<p>IRG & Programme Board Reporting June 2017 Detailed September 2017 Budget Policies Complete December 2017</p>	<ul style="list-style-type: none"> Consult with CEO and Cabinet Member for Finance. Draft Strategies. Report to SMT. Report to Cabinet. Embed within Corporate Policy Framework. Organise and Chair Members' budget group. Report progress and performance as part of Improvement Reference Group. 	<ul style="list-style-type: none"> Implementation of 2017/18 MTFS Delivery Plan 2017/18 MTFS progressed and overall target met. 2018/19 Budget Setting policy decisions completed by 30th December 2017.

Management and Financial Accountancy Services

<p>From 2016/17 BIP to be continued:</p> <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>	<p>Principal Management Accountants</p>	<p>April 2017</p>	<p>March 2018</p>	<ul style="list-style-type: none"> • Consult with CFOs 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.
<p>Updated for 2017/18 BIP:</p> <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 2017</p>	<p>May 2017</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>From 2016/17 BIP to be continued:</p> <p>Business Rates Retention – Pooling Agreement and new Developing Regime as part of SR 2015</p>	<p>Principal Financial Accountant</p>	<p>April 2017</p>	<p>November 2017</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.
Procurement Services					
<p>New for 2017/18 BIP:</p> <p>Full and complete review of Procurement compliance incl. repeat spend analysis exercises for both Councils (subject to workloads and new procurements for 2017/18 MTFS major projects requiring scheduling and not notified of yet).</p>	<p>Principal Procurement Officer</p>	<p>April 2017</p>	<p>March 2018</p>	<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"> • Updated Staff Guide to Procurement produced and communicated.

<p>New for 2017/18 BIP:</p> <p>Adapt the Staff Guide to Procurement document into a Member Guide to Procurement</p>	<p>Principal Procurement Officer</p>	<p>Sept 2017</p>	<p>Feb 2018</p>	<ul style="list-style-type: none"> • Review current document and adapt for information salient for Members as an aide memoir. • Consult with a group of members, gain feedback and finalise. • Roll out on Member intranets. • Provide training. 	<ul style="list-style-type: none"> • Member Guide to procurement produced. • Published on member Intranets • Training provided.
Systems Development and Exchequer Services					
<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 and outcome projects from 2016/17 projects 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> <p>Payroll services; Cash Receipting; 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:</p> <ol style="list-style-type: none"> (1) Complimentary system integration (2) Review of Contracts Module (3) Review of Purchase Card Module 	<p>Principal Financial Accountant (SRBC) and System Development Manager</p>	<p>April 2017</p>	<p>March 2018</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 2017/18

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 2016/17	Target 2017/18
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 2016/17	Target 2017/18
Financial Services – Overall					
% of Members Trained – Public Finance (incl. procurement)	EI	Annual	Joint Committee	n/a	80%
% of Directors Trained – Public Finance (incl. procurement)	EI	Annual	Joint Committee	n/a	100%
% of Governance Committee Members Trained:- Statement of Accounts, and Treasury Management	EI	Annual	Joint Committee	n/a	100%
% Budget Holders Trained – Financial Regulations and CPRs incl. Procure to Pay Process	EI	Annual	Joint Committee	n/a	100%
% 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%

Key Measures	Type	Timescale	Member Reporting	Target 2016/17	Target 2017/18
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 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 15%	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%
Supplier Payment within 10 days (local indicator)	EI	Monthly	Joint Committee	83%	83%
% of supplier payments by electronic means (vfm Secondary 7)	EM	Monthly	Joint Committee	97%	97%
% of remittances to suppliers by electronic means	EM	Monthly	Joint Committee	95%	95%
% of Financial Systems availability	E	Monthly	Joint Committee	99.5%	99.5%

Key Measures	Type	Timescale	Member Reporting	Target 2016/17	Target 2017/18
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%

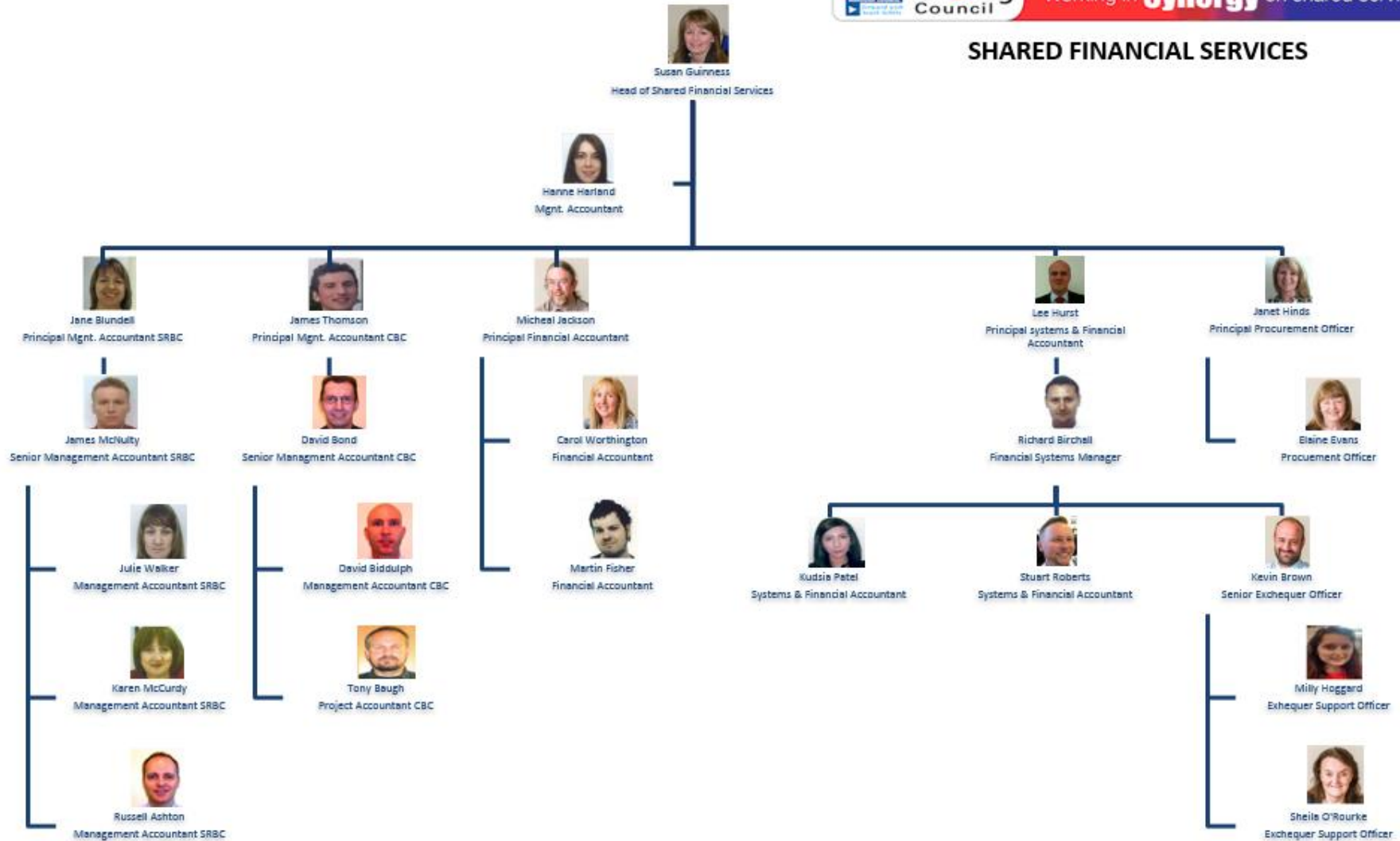
APPENDIX FOUR – CONTRACTS REGISTER

Company / Provider	Services Provided	End Date
INSURANCE		
AON Risk Solutions (Joint SRBC & CBC)	Insurance Broker and tender services	31/12/2018 * ¹
Aspen Insurance Ltd (CBC & SRBC)	Insurance Policies (Property, Contract works, Computer)	31/12/2019 * ²
Zurich Municipal (SRBC)	Insurance Policies (Combined Liability, Motor Fleet, Personal Accident)	31/12/2019 * ²
Travelers Insurance (CBC) (SRBC)	Insurance Policies (Combined Liability, Crime) Insurance Policies (Crime, Fidelity Guarantee)	31/12/2019 * ²
Protector Insurance (CBC)	Motor	31/12/2019 * ²
AIG c/o Risk Management Partners (CBC)	Personal Accident	31/12/2019 * ²
A.R.S for AXIS Underwriters at Lloyds (CBC & SRBC)	Terrorism	31/12/2019 * ²
Ecclesiastical c/o Risk Management Partners (CBC)	Fine Arts	31/12/2019 * ²
Zurich Municipal (CBC)	Insurance Policies (Engineering Inspections and Insurance)	31/12/2017 * ³
<p>*¹ Contract awarded on a <u>two</u> year basis with the option to extend for a further 2 years *² Contract awarded on a <u>three</u> year basis with the option to extend for a further 2 years *³ Contract awarded on an annual basis</p>		
AUDIT		
Lancashire County Council	Internal Audit Services	31/03/2018 Annual Review

Company / Provider	Services Provided	End Date
PAYROLL		
Blackpool Borough Council (CBC)	Payroll Service	Rolling SLA
BT Lancashire (SRBC) (client role transferred to HR SRBC)	Payroll Service	n/a
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 31/03/2018
Civica (CBC) Civica (SRBC) ICON responsibility within Business Transformation Directorate	CBC - ICON Cash Receipting CBC - ICON Bank Reconciliation	CBC - due to expire 31/03/19 and continues to be 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	31/03/2018 Annual Review
Chrystal Consulting Limited (CBC)	Leasing advice/renewals	31/03/2018 Annual Review
Barclays Bank (SRBC & CBC)	Banking Services	31/03/2018

APPENDIX FIVE – ORGANISATIONAL STRUCTURES

SHARED FINANCIAL SERVICES



SHARED ASSURANCE SERVICES



Garry Barclay
Head of Shared Assurance Services



Dawn Highton
Principal Auditor



Kerry Maguire
Senior Risk & Insurance Officer



Linsey Roberts
Auditor



Struan Jackson
Auditor



Hilary Sargent
Risk & Insurance Officer



Michele Brennan
Auditor



Karen Matthewman
Auditor



David Holgate
Business Administration Apprentice