

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>	<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. <p>Weekly project meetings during closure.</p>	<p>AMBER</p>	<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>	<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 	<p>GREEN</p>	<p>On Target</p>

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 	<p>Principal Systems & Financial Accountant 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 	<p>GREEN</p>	<p>On Target</p>

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