SHARED SERVICES JOINT COMMITTEE

Monday, 26th March 2012 at 3.30 pm in the **Cross Room**, Civic Centre, West Paddock, Leyland

AGENDA

1. **Apologies for Absence**

2. **Declarations of Interest**

   Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are also reminded that if the interest is prejudicial they may make representations on the item but then must leave the meeting whilst the item is discussed.

3. **Minutes of the Last Meeting**

   Held on Monday, 23rd January, 2012, to be signed as a correct record.
   http://egenda.southribble.gov.uk/akssribble/users/public/admin/kab12.pl?cmte=SSJ&meet=17&arc=14

4. **Performance Management Report (Pages 1 - 24)**

5. **Shared Financial Services (Pages 25 - 46)**

6. **Forward Plan (Pages 47 - 48)**

7. **Exclusion of Press and Public**

   The meeting is very unlikely to be open to the public while the following item is considered. This is because it will involve the discussion of information which is defined as exempt from publication in paragraph 4 of Schedule 12A of Part 1 of the Local Government Act 1972.

   Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or
   a Minister of the Crown and employees of, or office holders under, the authority.

   The public interest in maintaining the exemption outweighs the public interest in disclosing it.

8. **Shared Services**

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REPORT TO	DATE OF MEETING	SOUTH RIBBLE
Shared Services Joint Committee	26th March 2012	BOROUGH COUNCIL
	Report template revised June 2008	forward with South Ribble

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

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report demonstrates the progress made so far against the key service developments and performance indicators in the 2011/12 Business Improvement Plan (BIP).

The report shows progress as at the end of January 2012 and therefore covers the first 10 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 the progress on overall performance, including financial performance is noted

DETAILS AND REASONING

The Shared Services 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 2011/12.

Full statements of the progress made on the key projects and the performance targets as at the end of January 2012 are shown at **Appendices 1 and 2.** The highlights from these statements are expanded on in the body of the report.

EXECUTIVE SUMMARY

34 of the 38 key projects for this year have been completed or are on track and plans are in place to address the remaining 4.

15 of the 39 performance measures are "red" status with mitigating circumstances in each case. Please note than many of the KPIs that have a red status involve the performance of other functions, within both Councils, which is outside the direct control of Shared Services. In these circumstances we are taking action to address issues within our control and also assisting other sections and departments improve performance where it affects the KPIs within our Business Improvement Plan.

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 £0.034m. An explanation is provided later in the report.

KEY SERVICE DEVELOPMENTS

There are 38 key projects included in the BIP which represent service developments for 2011/12. Using a traffic light system, the progress is summarised in the table below.

Detail	Partnership Level	Assurance Services	Financial Services
Green Projects - on track	3	19	12
Amber Projects	0	1	0
Red Projects	0	3	0
Total	3	23	12

The following paragraphs provide commentaries on an exception basis for projects that are considered to have an Amber or Red status, together with proposed actions to bring those projects back on track.

ASSURANCE SERVICES PROJECTS

Red Projects

The roll-out of the **Meritec Fraud Awareness Package** at Chorley was delayed due to some slippage in the update of the Council's Anti-Fraud & Corruption Strategy. However this is now in progress and will be completed by year-end.

The Head of Health, Environment & Neighbourhoods is now in a dialogue with Croston Parish Council to engage them in a **Joint Chorley/Croston Flood Plan Exercise** and this has therefore been carried forward to the 2012/13 BIP to ensure its completion. In the meantime key staff have taken part in a multi-agency flood plan simulation in November which provided validation of both Councils' flood plans.

The original target date for updating **Insurance Manuals** at both host authorities has been extended to the end of March 2012 to enable the new insurance arrangements from January to be taken into account.

Amber Projects

The development of a programme for **Promoting Business Continuity** to local businesses in both host Boroughs is now on hold pending the imminent release of new national guidance in this area. This has also been carried forward to the 2012/13 BIP.

FINANCIAL SERVICES PROJECTS

Red Projects

There are no Red Projects for Shared Financial Services.

Amber Projects

The projects reported as Amber projects have been brought to a conclusion for 2011/12 to allow the Team to focus on the statutory closure of accounts process. The work required to expand training packages for non-financial managers has been carried forward to support and compliment the 2012/13 Business Improvement Plan aims, objectives and projects. The final stages of the common processes for Management Accounting and Budget Management will be finalised as part of the review into roles and responsibilities within the Shared Financial Services staff succession planning and development restructure to be implemented in 2012/13.

PERFORMANCE TARGETS

The BIP contains 39 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 as at the end of January 2012 is shown in the table below.

Detail	Assurance Services	Financial Services
Green on target	8	7
Amber – within 5% of target	1	2
Red – more than 5% off target	10	5
Not measured (*)	1	5
Total	**20**	**19**

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

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

ASSURANCE SERVICES

Red Targets

These relate to the following indicators:

- % Audit Plans Completed
- (Timely) Implementation of Agreed Management Actions

The former is almost entirely due to workload profiling. A disproportionate amount of annual leave is taken during the first three quarters and there is ample staff time available to complete the remaining elements of the Audit Plans.

The latter also requires some caution. A "zero tolerance" stance is adopted to this indicator as the target set is 100% and therefore a degree of under achievement is almost inevitable. The Joint Committee will also be aware that this requires ongoing attention and action by service managers. Members should be reassured that we are working closely with the Audit and Governance Committees of the host authorities on this and the latest reports to those Committees do actually demonstrate significant improvements in this area.

Amber Target

This relates to an 88% Customer Satisfaction Rating for auditing Shared Services against a target of 90%. Only slightly off target and no significant issues to report.

FINANCIAL SERVICES

Measure	Target to date	Actual to date	Variation
Over/underspends within 1% of manageable/cash revenue budget	+/-1.0%	-2.2%	120%
15 working days from the period-end closure to the distribution of financial reports	100%	93.75%	6.25%
Statutory Grant Claims and Returns to be submitted on time	100%	88.46%	11.54%
Supplier Payment within 30 days	98%	89.1%	9.08%
Supplier Payment within 22 days	85%	81.9%	3.65%
% of supplier payments by electronic means	92%	91.2%	0.87%
% of remittances to suppliers by electronic means	87%	82.0%	5.75%

Red Targets

Over/Under spends within 1% of manageable/cash revenue budget – Both Councils are currently underspending against cash budgets. There are numerous reasons for budget variations occurring within all the costs centres managed across varied departments, functions, spend types and Councils. Overall underspending this is mainly attributable to cost reduction in order to address budget gaps in future years within Medium Term Financial Strategies

15 working days from period end to distribution of financial reports - One set of Budget Monitoring reports were delivered late to budget holders due to delays experienced in receiving payroll data from the provider. Issues are still ongoing with the service provider but we are working proactively with them to enable the payroll data be uploaded into our FMIS.

Statutory Grant Claims and Returns to be submitted on time – Both the RA forms at CBC and SRBC were submitted late. This was caused by the additional work resulting from the first closure following the new International Financial Reporting Standards (IFRS) regime. All subsequent returns have been submitted on time.

Supplier Payments with 30 days (also see 22 days AMBER below) - Target not achieved mainly attributable to non compliance by users and unfamiliarity with processes due to staff turnover in Shared Financial Services. A process of publicising the importance of system compliance is currently underway and is clearly working as the 10 day payment performance target is now on target and payment within 22 days has now reached AMBER. Performance in respect of the supplier payment KPIs is a high priority and the results have already vastly improved and continue to do so, however, this will take time to be reflected in the cumulative target.

The action taken has included increasing the detail of performance monitoring by recording the time taken to complete each task within the whole process which has enabled us to identify the precise points where improvements needed to be made. This has been done in consultation with users and has resulted in a significant improvement in the results. In fact a 100% result has been achieved for payments within 30 days on numerous occasions. The Team are now looking at ways to ensure that this level of performance is sustained at the same time as reverting back to regular process monitoring levels. The new monitoring regime as set out in the last report involving Payment Forecast Reports continues to be used to help prevent invoices not being processed to the desired timescales.

% of remittances to suppliers by electronic means – This KPI is red due to the proportion of remittances sent electronically at SRBC. Previously, with the old FMIS faxed remittances were classed as electronic, however, this method is no longer used since the new system was introduced. Continued development of the new FMIS will improve the number of electronic remittances sent to suppliers. Action being taken to improve performance against this KPI involves the Payment Forecast Report that also provides details of payments due to be made in that day. It also includes an indicator to highlight the payment method i.e. cheque, BACS, post or email. This allows a member of the Team to contact the relevant supplier to ask for an email address or bank details.

Amber Targets

Supplier Payments with 22 days – Please refer to explanation above for Supplier Payments within 30 days

% of supplier payments by electronic means - as part of implementing the new FMIS there has been a push to increase the percentage of electronic supplier payments when suppliers were written to asking for the switch to electronic means to be made. There has been in increased in performance from 82% in April to 88% in May, with a steady increase to over 91% in January 2012. A Payment Forecast report has also been developed which provides details of the payments due to be made that day along with an indicator of whether they will be paid be cheque or BACS and whether remittance advice will be sent by post or email. This allows a member of the Team to contact the relevant supplier to ask them for an email address, or bank details.

BUDGET PERFORMANCE STATEMENTS

At each Joint Committee meeting up-to-date budget performance statements will be presented showing actual performance against the approved original 2011/12 partnership budget. Any variations will be highlighted together with any proposals for either reducing or increasing expenditure accordingly.

The following statement presents the projected out-turn position at 31 March 2012. The original partnership budget for 2011/12 is £1.513m which achieves a budget reduction of £0.221m (13%) from 2010/11. The anticipated out-turn position at 31 March 2011 is currently £1.479m which equates to a budget saving at year end of £0.034m

Cost Category	Annual Budget £000	Projected Out-turn as at 31st March 2012 £000	(Under)/Over Spend £000
Employee Costs	1.449	1.418	**(0.031)**
Lancashire CC Audit Budget	0.010	0.010	-
Transport	0.014	0.012	**(0.002)**
Supplies and Services	0.040	0.039	**(0.001)**
TOTAL	**1.513**	**1.479**	**(0.034)**

Estimated Budget Variations

The current expected underspend against budget is mainly attributable to vacancies in Shared Financial Services.

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 shows any implications in respect of each of these.

FINANCIAL	The wider implication of the financial performance of the Partnership is the full year impact on both Councils' Medium Term Financial Strategies. Any under-spend achieved at year end against the Partnership's budget will be passed on in total to both Councils by means of a reduced recharge.
LEGAL	The partnership has been established with an informal structure which has low complexity and a low cost set up. The Shared Services Joint Committee, established under Section 101 of the Local Government Act 1972, provides the overall governance for this with its terms being set out in an Administrative Collaborative Agreement which has been signed by both Councils. Sound performance management arrangements are required to enable the Shared Services Joint Committee to effectively fulfil its obligations. Schedule 1 to this Agreement sets out the Service Level Agreements which form a key part of the performance management arrangements.
RISK	A full risk assessment is set out in the Partnership Business Improvement Plan for 2011/12.
OTHER (see below)	

Asset Management	*Corporate Plans and Policies*	*Crime and Disorder*	*Efficiency Savings/Value for Money*
Equality, Diversity and Community Cohesion	*Freedom of Information/ Data Protection*	*Health and Safety*	*Health Inequalities*
Human Rights Act 1998	*Implementing Electronic Government*	*Staffing, Training and Development*	*Sustainability*

BACKGROUND DOCUMENTS
1. Partnership Business Improvement Plan 2011/12.

APPENDIX 1 – KEY SERVICE DEVELOPMENTS 2011/12

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Partnership Level						
Ongoing Implementation of the Workforce Development Plan	SG/GB	April 2011	March 2012	As arranged with the respective HR departments at each authority	GREEN	Ongoing
Implementation of Customer Survey Actions	SG/GB	April 2011	March 2012	As per agreed action plan	GREEN	Ongoing
Participate in CBC & SRBC staff surveys	SG/GB	April 2011	Jan 2012	Timetable to be agreed	GREEN	Completed at CBC & in progress at SRBC
Assurance As A Whole						
Feed into new member inductions at SRBC & CBC	GB	May 2011	May 2011	To cover risk, audit and ethical governance	GREEN	Implemented
Arrange (joint) training for the Governance & Audit Committees following the May elections	GB	May 2011	June 2011	To be arranged	GREEN	Implemented
Facilitate control & risk self assessments in services at CBC & SRBC	GB	October 2011	Dec 2011	Timetable to be agreed	GREEN	Implemented
Internal Audit						
Finalise and roll-out the Meritec Fraud Awareness package at CBC	CW	May 2011	June 2011	Tailor to CBC needs Publicise & roll out on the LOOP	RED	Delayed due to slippage in updating the Anti-Fraud & Corruption Strategy, but now in progress.
Finalise the Anti-Fraud & Corruption Strategy at CBC	CW	May 2011	May 2011	Update document Publicise on the LOOP	GREEN	Updated Strategy now finalised
Review the audit assignment process to identify potential efficiency improvements	CW	May 2011	June 2011	Arrange managers meeting(s) & review full process including reporting	GREEN	Implemented

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Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Update the Quality System & retain the ISO 9001 standard	CW	Ongoing	Feb 2012	Regular review of IA processes & updates to the Quality System as necessary	GREEN	On course to be achieved
Further develop the use of IDEA to encompass more applications	CW	Ongoing	Ongoing	Add to repertoire of reports run for key financial & business systems (ongoing)	GREEN	Ongoing
Compare the assignment level self-assessments with customer questionnaire results and investigate any discrepancies	CW	Ongoing	Ongoing	Periodic reviews in-year	GREEN	Ongoing
Risk Management						
Review tree risk management arrangements at CBC	AA	June 2011	Oct 2011	Review systems, policies and procedures using SRBC report as control matrix. Produce written report and improvement action plan (July 2011) Conduct end of year review of actions implemented (October 2011)	GREEN	This was subsequently incorporated within the Internal Audit review of maintenance regimes as part of the 2011/12 Audit Plan and has now been completed

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Emergency / Business Continuity Planning						
Establish monthly liaison meetings to enable the flow of information between Shared Assurance Services Environmental Services as the key responder	**AA**	**Ongoing**	**Ongoing**	**Schedule monthly liaison meetings & prepare agendas to include relevant actions, issues, feedback and monitoring information** **Prepare and circulate minutes from meetings**	**GREEN**	**Implemented & ongoing**
Update the Emergency Plans at both Councils to reflect structural & departmental changes & learning from recent simulation exercises	**AA**	**April 2011**	**Sept 2011**	**Update structure & content of existing EP's & issue hard copies** **Develop Rest Centre & Recovery Action Group appendices (CBC)** **Update EP Control Centre Procedures & arrange awareness session for relevant officers (CBC)** **Raise EP awareness with Customer Services Staff & Out Of Hours Contractor** **Arrange for electronic versions on Inter/Intranets & the National Resilience Extranet (NRE)**	**GREEN**	**Implemented**
Implement the National Resilience Extranet (NRE) at both Councils	**AA**	**July 2011**	**July 2011**	**Identify users & provide training as necessary** **Provide system administration function**	**GREEN**	**Implemented**

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Identify & agree additional alternative Rest Centres in South Ribble	AA	June 2011	Sept 2011	Draw up MOU's & incorporate within the EP	GREEN	Implemented
Develop and facilitate a Rest Centre test exercise at Chorley in conjunction with LCC Emergency Planning / Emergency Response Group & Active Nation	AA	April 2011	Dec 2011	Participate in Planning Team meetings Undertake exercise and provide necessary support and resources	GREEN	Implemented
Undertake a combined Chorley Flood Action Plan / Croston Community Flood Plan exercise	AA	Oct 2011	Oct 2011	Agree timetable and actions with other stakeholders on completion of Croston Community Flood Plan	RED	The Head of Health, Environment & Neighbourhoods is now in a dialogue with Croston Parish Council to engage them in a joint exercise. In the meantime key staff have taken part in a multi-agency flood plan simulation in November which provided validation of both Councils' flood plans
Support the South Ribble Multi-Agency Flood Group to finalise & implement the Borough Flood Action Plan	AA	April 2011	Aug 2011	Complete the Plan for the remaining 8 flood risk areas Forward Plan to LRF to complete Part 2 of the LRF Multi-Agency Flood Plan (MAFP)	GREEN	Inputs from Shared Assurance Services are now finalised. Further inputs from the Drainage Officer in Environmental Health are now in progress.
Develop a programme to promote BCM to local businesses in both host Boroughs	AA	Sept 2011	Dec 2011	Review of Web site content & undertake publicity campaign to raise awareness Facilitate an awareness seminar in conjunction with other agencies	AMBER	This is now on hold pending the imminent release of new national guidance in this area.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Update & Test Business Continuity Plans (BCPs) following restructures at SRBC	AA	April 2011	February 2012	Update core BCP to incorporate critical service and supplementary plans & new "loss of building plan". Ensure alignment with DR Plan. Issue hard copy & electronic versions on CONNECT as appropriate (September) Compile incident specific appendices for fuel shortage & pandemic flu (December) Arrange test exercise (February 12)	GREEN	On course to be achieved
Update & Test Business Continuity Plans following restructures at CBC	AA	April 2011	December 2011	Undertake facilitated development sessions to produce building-based BCP's Issue hard copy & electronic versions on LOOP as appropriate (September) Compile incident specific appendices for fuel shortage & pandemic flu (December) Arrange test exercise (December)	GREEN	On course to be achieved

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Insurance						
Update & distribute Insurance Manuals at both host authorities as a means of publicising the Insurance Service	AA	July 2011	Sept 2011	To be agreed	RED	This has been postponed to enable the new insurance arrangements to be taken into account. Revised date March 2012.
Complete a nine month extension of current Long Term Agreements (LTAs) for CBC's insurance Portfolio	AA	April 2011	April 2011	Agree extension with Director of Transformation & obtain necessary Member approvals and exemption of CPRs	GREEN	Implemented
Oversee the exercise for the procurement of new long-term insurance agreements by both councils	AA	April 2011	Jan 2012	Project / procurement plan (April 2011) Agree selection criteria (May 2011) Finalise proposal & arrange OJEC publication (June 2011) Issue ITT (June 2011) Tender deadline (end September 2011) Evaluation report to officers Recommendation report to members for approval (November 2011) Make appointments & place covers (December 2011)	GREEN	Implemented

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Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Financial Services As A Whole						
Construct and deliver financial training packages for Members and Budget Holders to include use of systems, process improvement and financial management techniques.	**SG**	**April 2011**	**Sept 2011**	**Consult customers** **Identify priority issues for customers and Shared Services** **Produce packages** **Deliver training**	**GREEN**	**COMPLETE - The intranet has been updated with CIPFA's** *A Comprehensive Guide to Local Government Finance 2011.* **Some packages and training have been delivered particularly with regard to topical subjects e.g. Statement of Accounts. Training packages and training is being delivered in the run up, and during, the course of the annual accounting cycle. It is considered that this timing throughout the year makes the training more relevant and topical and therefore more effective. The latest round of training is being done via the CIVICA User Groups for Final Accounts preparation. This project is now complete for 2011/12 but will be continued as part of the 2012/13 BIP project to improve system and process compliance and improve productivity and efficiency both within SFS and throughout financial processes. On going training with be a key element of this project where necessary either delivered in person or via intranet self serve packages/modules.**
Ensure compliance with Service Reporting Code of Practice for Local Authorities including process improvement to facilitate the most efficient and effective data collection and publication processes	**SG**	**April 2011**	**December 2011**	**Consult customers and communications staff** **Set up templates for publication** **Identify issues and re-currant issues problems/problem solving approach** **Conduct training to solve problems**	**GREEN**	**COMPLETE**

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Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Base Budget Review at CBC and SRBC based on subjective analysis of the total cash budget	SG	April 2011	July 2011	Initial subjective analysis to establish de minimis level / scope of review. Examination and research - matching output/outcomes to optional additional expenditure invested. Consider more cost effective options. Consultation process - Conduct Star Chambers or other appropriate forum	GREEN	COMPLETE - Will be continued as an on going exercise in 2012/13 at both Councils as part of each of the budget efficiency programmes.
Accountancy Services						
Provide a common partnership platform for Management Accounting processes, Budget Monitoring and Budget Preparation – Revenue and Capital Review of monthly/quarterly close down procedures with reference to new requirement Enhanced Local Government Accrual Reporting (ELGAR) programme. Extension of 2010/11 project to develop maximise the functionality of the new and developed FMIS at SRBC and CBC respectively.	MJ / JB	April 2011	December 2011	Identification of processes that do not add value Establish most efficiency and effective processes Consult with customers and stake holders Implement	GREEN	COMPLETE - The two Management Accounting processes are currently being run within the same FMIS. The reporting tool within the system has been developed to generate to produce automated budget holder and senior management monthly reports. The final stage of the project before detailed implementation is commenced in 2012/13 The Team has concluded that the optimum budget management routine would include quarterly close down arrangements and be based on monthly projected out-turn reports – This conclusion is currently being translated into procedures notes and on-going work with regard to the forthcoming SFS staff development and succession planning restructure.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Close down the accounts of both Councils in accordance with International Financial Reporting Standards (IFRS)	GW	April 2011	June 2011	Consultation with External Auditors Comply with the Code of Practice for Local Authority Accounting Comply with Closure of Accounts timetable	GREEN	COMPLETED – The Councils' external auditor reported the project as a 'significant achievement' within their Annual Audit letter.
Preliminary Joint Bank Tender preparation (Contact effective from April 2013)	GW	Jan 2012	March 2012	Agree strategy for Tender preparation. Collect data. Assess implications for both Councils.	GREEN	On Track
System Development & Exchequer Services						
Explore the feasibility of extending the new platform for delivering the Financial Management Information System to other parties outside of the Partnership	LH	April 2011	Sept 2011	Assess resources implications with regard to implementation and sustainability Further test multi company system operations and responsibilities e.g. Disaster recovery outside the Partnership Soft Market testing	GREEN	The SFS Team has been selected to lead a Lancashire wide project that will seek to quantify, within a business case, the efficiencies to be gained from a proposed Lancashire wide financial systems hosting option. This will be considered in the first instance by Lancashire Chief Finance Officers at the end of March 2012.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Implementation and development of the Asset Accounting, Budget and Payroll Budgeting Modules within CIVICA	LH	April 2011	Jan 2012	Consult Partnership internal and external customers Process re-engineering Test systems Implement including training	GREEN	Assessment of these new modules has now been completed. Implementation of the Budget Modules will be suspended pending further development work from the supplier as the current solution would not add value to our processes. We are working with the supplier on this development in light of the Lancashire wide FMIS hosting project (referred to above). Asset Accounting module assessment has identified the need to complete the SerCoP work before implementation so a new target date of Jan 2012 is required to bring it in to line with SerCoP implementation timescales.
Set up Joint Financial Management Information User groups to enhance customer training and satisfaction	LH	Sept 2011	March 2012	Consult customers Set up group terms of reference and timetable	GREEN	This project is ahead of schedule as user groups have started. They have been used to: communicate new version releases; promote system compliance and performance improvement; provide training, advice and procedure notes for the forthcoming year end accounts closure process.
Procurement Services						
The Chest E-tendering systems – the Chest is in place however the process needs to be developed and embedded into core business	JH	April 2011	March 2012	Complete pilot period within procurement Raise awareness, training and roll-out if, and as, appropriate	GREEN	Pilot completed. The Chest is effectively embedded at both Councils and is used for all intermediate and High Value procurements via the procurement team. All updated relevant procurement documentation and guides have a signpost to the Chest on the respective Council websites for suppliers. Procuring officers across are allocated "collaborator" roles when appropriate, and have accessed tenders and quotes via the system electronically.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status	Update
Develop and implement Model Templates for Pre-Qualification, Request for Quotation and Tender documents	JH	April 2011	March 2012	Research best practice Develop template docs Publish and promote	GREEN	A template ITQ document has been developed and has been used on numerous occasions with the Chest. Additionally various template PQQ and other docs have been researched which can be adapted for individual projects. For the time being, it is considered appropriate to keep these documents within the procurement team and provide advice as appropriate.
Evaluate, implement and publish a range of Model Conditions of Contract	JH	April 2011	March 2012	Research best practice including consideration of NWIEP standard docs Consult with Legal Develop template docs Publish and promote	GREEN	Working with Legal services at both authorities NWIEP standard docs have been reviewed, updated and agreed and a Conditions Pack has now been published on the Procurement section of the Loop and Connect for access and use by officers.

APPENDIX 2 – PERFORMANCE TARGETS 2011/12

SHARED ASSURANCE SERVICES

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
Assurance Overall								
Assurance Staff Satisfaction	GB	N/A	N/A	N/A	N/A	N/A	NM	Annual Indicator
Internal Audit								
% Planned Time Utilised	CW	CBC	98.5%	100%	80%	88%	GREEN	Above target
		SRBC	106%	100%	69%	61%	RED	See body of report
		SS	N/A	100%	65%	82%	GREEN	Above target
% Audit Plan Completed	CW	CBC	92%	92%	76%	63%	RED	See body of report
		SRBC	95%	92%	76%	57%	RED	See body of report
		SS	N/A	92%	56%	50%	RED	See body of report
Percentage of Management Actions Agreed	CW	CBC	99%	97%	97%	100%	GREEN	Above target
		SRBC	98%	97%	97%	100%	GREEN	Above target
		SS	N/A	97%	97%	100%	GREEN	Above target

Key Measures	Lead Officer	CBC/ SRBC/ SS	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
% of Agreed Management Actions Implemented	CW	CBC	69%	100%	100%	64%	RED	See body of report
		SRBC	89%	100%	100%	89%	RED	See body of report
		SS	N/A	100%	100%	67%	RED	See body of report
Of the Agreed Management Actions Implemented - % implemented On Time	CW	CBC	68%	100%	100%	50%	RED	See body of report
		SRBC	74%	100%	100%	67%	RED	See body of report
		SS	N/A	100%	100%	33%	RED	See body of report
% customer satisfaction rating – assignment level	CW	CBC	91%	90%	90%	93%	GREEN	Above target
		SRBC	90%	90%	90%	93%	GREEN	Above target
		SS	N/A	90%	90%	88%	AMBER	See body of report
Risk Management								
Average customer satisfaction score per insurance claim (max 5.0)	AA	N/A		4.7	4.7	4.7	GREEN	On target

SHARED FINANCIAL SERVICES

Key Measures	Lead Officer	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
Finance As A Whole							
Customer Satisfaction	SG	Last survey in 2009/10	90%	N/A	Not measured yet	N/A	For reference 82% was achieved in 2009/10
Financial Services Staff Satisfaction	SG	81%	95%	N/A	Not measured yet	N/A	To be measured during 2011/12
% of professionally qualified finance staff as % of total finance staff (vfm Secondary 1)	SG	25%	18%	18%	26%	GREEN	Target Exceeded
Accountancy							
Over/Underspends within 1% of manageable/cash revenue budget	SG	3.1%	<1.0%	<1.0%	SRBC 1.04% CBC 3.40%	RED	Councils reducing costs via budget efficiency programmes and to address budget gaps in the Medium Term Financial Strategies
% variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3)	SG	120%	5%	N/A	Not measured yet	N/A	To be measured at year end
15 working days from period-end closure to the distribution of financial reports (VFM Primary 2)	MJ/JB	N/A	100%	100%	93.75%	RED	Improved position from both previous performance reports from 83% to 91.5% and now to 93.75% as all subsequent reports have been sent out on time
Achievement of Prudential Indicators	GW	100% compliance	100% compliance	100% compliance	100% compliance	GREEN	On Target

Key Measures	Lead Officer	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
Year end statutory accounts to contain no material errors and have an unqualified audit opinion	SG	0	0	0	0	GREEN	ACHIEVED
Statutory Grant Claims and Returns to be submitted on time	MJ/JB/GW	85%	100%	100%	88.46%	RED	The RA forms were submitted late for both Councils. This was caused by the additional workload created by IFRS with particular regard to staff being unfamiliar this time round with the new process. This position has improved from 85.6% in the last performance report as all returns since the last report have been submitted on time
Achievement of industry investment benchmarks	GW	CBC = 0.65% SRBC = 1.12%	Out perform London Inter Bank Bid Rate (LIBID) by 10%	Out perform London Inter Bank Bid Rate (LIBID) by 10%	LIBID = 0.48% CBC = 1.03% SRBC = 1.06%	GREEN	Target of 0.48% exceeded. (N.B. coincidentally same rate achieved at both Councils)
Systems Development & Exchequer Services							
Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10)	LH	98.09%	98%	98%	89.10%	RED	Target not achieved mainly attributable to non compliance by users and new staff unfamiliar with processes due to staff turnover in SFS. A process of publicising the importance of system compliance has been undertaken and this continues where necessary. All delays within SFS have been resolved. This is a high priority and the target is already greatly improved from 71.35% previously reported. This will take time to be reflected in the reported cumulative KPI figures. The latest monthly result is 97.5% improved from 96.15% in the last report.

Key Measures	Lead Officer	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
Supplier Payment within 22 days (local indicator)	LH	91.94%	85%	85%	81.90%	AMBER	Target not achieved mainly attributable to non compliance by users and new staff unfamiliarity with processes due to staff turnover in SFS. A process of publicising the importance of system compliance has been undertaken and this continues where necessary. All delays within SFS have been resolved. This is a high priority and the target is already greatly improved. This will take time to be reflected in the KPI figures as cumulative results are reported. The latest monthly result is 93.0% which is GREEN an improvement from 92.67% since the last report.
Supplier Payment within 10 days (local indicator)	LH	61.67%	50%	50%	52.80%	GREEN	This KPI has been brought back on target. The actual monthly result is 61.5% which exceeds the target.
% of supplier payments by electronic means (VFM Secondary 7)	LH	93.62%	92%	92%	91.20%	AMBER	Current monthly result as at the end of January have improved and are now GREEN. This KPI has been improved upon since the implementation of the new FMIS project and continues to have a positive direction of travel. A report highlighting where improvements can still be made is now generated by the system to continued action can be taken.
% of remittances to suppliers by electronic means	LH	93.04%	87%	87%	82.00%	RED	This KPI is red due to the proportion of remittances sent electronically at SRBC. Previously faxed remittances were classed as electronic but these are no longer used. Continued development of the new system will improve the number of electronic remittances. The direction of travel is a positive one, the previously reported figure was 80.70%. The result for the month of January is 84.3% which is AMBER.

Key Measures	Lead Officer	Actual 2010/11	Target 2011/12	Target to date 2011/12	Actual to date 2011/12	Status	Comments
% of Financial Systems availability	LH	99.93%	99.5%	99.5%	99.95%	GREEN	Target Exceeded
Procurement Services							
Professionally qualified staff as % of total procurement employees (vfm Secondary 1)	JH	67%	33%	33%	67%	GREEN	Above target
LIB/P12 Satisfaction with the corporate procurement function	JH	Last survey in 2009/10	87%	87%	Not measured yet	N/A	For reference 94% was achieved in 2009/10
Number of Council's Top 10 suppliers (by spend value) who have formal partnership/framework agreements with the authorities	JH	90%	100%	100%	Not measured yet	N/A	To be measured at half year and year end

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REPORT TO	DATE OF MEETING	
SHARED SERVICES JOINT COMMITTEE	**26th March 2012**	**SOUTH RIBBLE** BOROUGH COUNCIL *forward with South Ribble*
	Report template revised June 2008	

SUBJECT	PORTFOLIO	AUTHOR	ITEM
SHARED FINANCIAL SERVICES	**N/A**	**SUSAN GUINNESS**	**5**

INTRODUCTION and BACKGROUND

Attached to this report for members' information are the new Financial Management Information System (FMIS) end of project report and a summary Implementation Review.

The documents provide the following information:-

- Summary and background
- Achievement of the project objectives
- Project performance
- Revenue and Capital Budget performance
- Benefits achieved
- Change control
- Lessons learned
- Projects risk information

Proactive and continual development of the FMIS is a key project and priority for the Shared Financial Services Team and features in the Business Improvement Plan projects also the Key Performance Indicators for the Partnership.

The Team is working with users, customers and the supplier to ensure that it is meeting their needs and expectations, achieving the most optimum efficient and effective business processes and is as up to date as possible. This is achieved by further implementation of new software functionality to make the very best use of technology and therefore maximising productivity.

The success of the FMIS project has provided the core building blocks that have enabled the service to review its staffing structure, improve performance against its KPIs, enhance services provided to customers and achieve significant budgetary efficiencies for both Councils.

This project's progressive and radical solution, to enable financial systems to be delivered on a multi company platform, has been featured nationally in Local Government Chronicle and also presented to delegates at the CIVICA annual conference in January 2012.

With regard to current developments the Shared Financial Services Team is leading on a Lancashire wide project that is looking into the feasibility of providing the same FMIS delivery model to District Council's across the County and the potential efficiencies achievable.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	There are no financial implications as a result of this report. The significant budgetary savings have been reported with the Partnership have already been reported to the Joint Committee.

LEGAL	There are no legal implications regarding the contents of this report.

RISK	There are no risk register items emanating from the contents of this report.

OTHER (see below)	

Asset Management	*Corporate Plans and Policies*	*Crime and Disorder*	*Efficiency Savings/Value for Money*
Equality, Diversity and Community Cohesion	*Freedom of Information/ Data Protection*	*Health and Safety*	*Health Inequalities*
Human Rights Act 1998	*Implementing Electronic Government*	*Staffing, Training and Development*	*Sustainability*

BACKGROUND DOCUMENTS

APPENDIX ONE

PROJECT DOCUMENTATION

END PROJECT REPORT

South Ribble and Chorley Councils' Shared Services Partnership – Common Financial Management Information Systems

Version: DRAFT

Date: 29/02/2012

Project Manager: Lee Hurst

Senior Responsible Owner: Susan Guinness

Revision History

Revision Date	Summary of Changes	Version
09/01/2012	Draft	Draft
29/02/2012	First issue	1.0

Approvals

Name	Date Approved	Version
Susan Guinness		DRAFT
Susan Guinness		1.0

Distribution

Name	Title
Project Team	
Project Board	
Shared Services JC	

1. Summary

South Ribble Borough Council had been using the "Powersolve" financial system since it was installed in November 1999. Whilst this system had been successful it was becoming slow to a combination of ageing hardware and software. Support for both the hardware and software had become limited, for example the system suppliers (Civica, formerly Radius) withdrew development support for the software and were only able to support the live environment on a limited operational basis. This meant that there was no development plan associated with the system and although the system was serviceable any new legislative requirements, such as International Financial Reporting Standards, would not be incorporated into the software. Instead, finance staff would have had to undertake additional work outside of the system to meet any new requirements.

For these reasons South Ribble Council was investing in replacement financial system but this project was put on hold pending the establishment of the South Ribble and Chorley Financial Services Partnership. After 2 years of planning and detailed implementation the Finance & Assurance Shared Service Partnership went live during the first week of January 2009. This came about with the signing of the legal agreement between the two Councils which marked a step change in partnership working.

A common financial management information system would afford the opportunity to adopt standardisation of working practices, streamline and enhance current processes, adopt best practice, reduce administrative burden and reduce costs. It would be a key enabler in delivering many of the efficiencies and improvements envisaged when creating the Shared Service Partnership and, given the existence of our Partnership, a solution which could be deployed from a single database and from one set of hardware would deliver further cashable efficiencies for both authorities.

The project began in the summer of 2010 with improvements to the partnership ICT network infrastructure and the virtualisation of the existing financial systems, a key element of the project which would provide a modern, efficient and flexible platform on which to implement the shared solution whilst also providing advanced business continuity arrangements and the capacity for growing the model.

The next stage was to migrate to the common financial system. But this was not simply a technical change – there where many other objectives as described in Section 2.

Overall, the Shared Services Partnership's vision has achieved its objects, delivering a single multi-company system from one set of hardware and a shared service licence fee resulting in revenue savings of £44,000 a year. The single system has enabled the convergence of processes and the sharing of best practice.

The project resulted in the implementation of the core Authority WEB e-modules for both Partnership authorities, including General Ledger, Debtors, Creditors, Purchasing, Budget Preparation and the Fixed Asset module.

The web channel was key in allowing us to share a financial system over the existing data link between the two authorities with minimal changes to either authority's existing ICT network infrastructure. Utilising a web browser meant there was no software to install on PC's, data traffic over the link was kept to a minimum and technology such as email alerts and work flow could be implemented.

The web solution also improved the user experience, providing a familiar web page presentation of the financial systems, streamlined to meet an end user's day-to-day needs by containing only the core functionality that adds value to their role.

Also included was a powerful Reporting module, utilising Crystal Reports, which allowed a huge leap forward in financial management reporting presenting data in accessible formats to all levels of decision makers and ensuring data no longer needed to be manually manipulated outside of the financial system into presentations and reports. An important element of this was developing a common chart of accounts and financial reporting structure.

Additionally, an intelligent scanning solution for creditor invoices was implemented which allowed us to centralise the accounts payable function into one team for both authorities and streamline the procure-to-pay process.

Paper invoices are no longer passed around the authority, addressed to individual departments, stamped with a coding grid, ledger code written on and then passed to an authoriser a for a signature before being batched up and filed in endless rows of filing cabinets. Now invoices are scanned on receipt in one central location, ledger coding comes from an appropriately approved purchase order in the integrated Purchasing module and approval is online via an emailed alert.

2. Achievement of the Project Objectives

The project objectives were identified as follows:

- Deliver efficiencies through a Business Process Transformation of the key processes surrounding the core financial management information systems.
- Provide a platform for and implement common working practices.
- Delivery of a modern, sustainable and secure replacement financial management information system.
- Ensure both authorities can continue to meet legislative requirements.

These objectives have been achieved without exception and a detailed review of the benefits achieved can be found in Section 3.

3. Project Performance

Project Plan Performance

In the summer of 2010 the project was rescheduled as a result of an Exception Report submitted to the Project Board on 30th June 2010. The widening of the scope of the project to include virtualisation on the financial system resulted the go-live date being rescheduled from 1st October 2010 to 1st April 2011. The Project Plan performance is reviewed against the rescheduled project timescales.

Task	Planned Finish Date	Actual Finish Date
Procure software	30/04/2010	28/04/2010
Make software available at SRBC through existing data link	30/04/2010	04/04/2010
Complete detailed Project Plan, other key project documents, gain Project Board approval and assign tasks to project team	31/08/2010	19/08/2010
Facilities, Technical and Report Writer training for Project Team complete	30/09/2010	30/09/2010
Business Process Transformation exercise complete, fully documented	23/11/2010	28/02/2011
Agree System Use – Completion of Module Checklist Questionnaires, determine Transaction Codes, Depts, Privacy Groups, Ref. Numbers, Invoice and Payment Processing Requirements, Special Stationery requirements, Recovery Processing requirements, Order Processing and GRN processing requirements, User and User Security requirements	30/11/2010	28/02/2011
Set up Control Tables	07/12/2010	22/12/2010
Live virtualised environment	13/12/2010	13/01/2011
Covert or load data (Budgets, Creditors Accounts, Debtors Accounts, Transactions and Balances) into test system	18/01/2011	18/01/2011
System testing complete	15/02/2011	15/02/2011
Training Guides completed, Training Strategy finalised and End User training begins	15/02/2011	15/02/2011
Set up Control Tables and Chart of Accounts in live system	02/03/2011	02/03/2011
Covert or load data into live system	25/03/2011	25/03/2011
Live system testing complete	25/03/2011	25/03/2011
All End User Training complete	25/03/2011	25/03/2011
Go Live	01/04/2011	01/04/2011
Convert or load old year data and balances and reconcile systems	20/04/2011	20/04/2011
Review and close phase one of project	18/05/2011	16/09/2011
Begin phase two of project (Asset Management & Budget Preparation)	Jul 2011	13/05/2011
Review and close phase two of project	Sept 2011	TBC
Review and close project	Sept 2011	TBC

Assessment of the Budget Preparation and Asset Management modules took place in May 2011 ahead of schedule. The results were disappointing, with the Budget Preparation module likely to add some additional overhead to the current spread sheet based process, and with the Asset Management module not meeting the most recent legislative requirements. We are now working with the software supplier to address these shortcomings and are now in the testing stage with the Asset Management module. Progress will be monitored through the Financial Systems Development Plan performance monitoring.

Revenue Budget Performance

Description	Amount
2010/11 Budgeted FMIS costs	103,384
2011/12 Budgeted partnership FMIS costs	58,830
Annual Cashable Revenue Savings	**44,554**

Capital Budget Performance to Date

Description	Capital Budget	Actual Expenditure
Initial Licence Fee for shared financial system	73,455	73,455
Implementation services	13,000	13,000
Contingencies	5,000	977
Partnership ICT network infrastructure	30,000	10,745
Total	**121,455**	**98,177**

The underspend relates to the Partnership ICT Network Infrastructure improvements which came in significantly under budget. This is because at the time the budget was set variables such as the performance of the datalink were unknown and untested. Ultimately the performance of the datalink proved more than adequate and therefore a major upgrade was not required.

Benefits Achieved

The shared financial system went live on the 1st April 2011 as planned. In-house knowledge was utilised to implement the system so will now be retained within the service rather then leaving with an implementation consultant.

Staff feel empowered and are left with a great sense of achievement as well as a wealth of knowledge and additional experience. Project governance arrangements were successful and ensured the project was delivered on time and on budget. Below is a short analysis of the change on go-live.

Where we were....

Where we are now....

Where we were....	Where we are now....
Two systems, two sets of hardware two licence fees two sets of running costs.	A single multi company system, one set of hardware, a shared service licence fee saving of £44k pa
Two systems with complicated rich client access requiring upgrades to all PC's. Additional software required to allow access across two sites.	Simple web-based solution. No software installed on PC's containing only the core functionality which the user requires. No software required to deliver across two sites and minimal data footprint through the link.
Two security policies and two sets of access controls to manage. Duplication of maintenance and administration tasks.	Single set of consistent controls and security policies, one maintenance plan. Administration tasks undertaken once for both companies.
One old system with no development potential and one newer system.	A single system with a single development plan enabling the convergence of processes and therefore efficiencies and best practice
Devolved input of creditor invoices at South Ribble involving around 40 people.	Centralised creditor invoice processing and a streamlined procure-to-pay process.
Two exchequer teams equating to approx 7 posts processing creditor invoices in two different ways with little scope for cross skilling – one with manual input while the other scans invoices	One Accounts Payable team equating to approx 3 posts adopting a single process utilising intelligent imaging.
Paper chase for authorisation of invoices and orders by physical signature. Batching and storing of paper difficult to retrieve for future reference.	Online authorisation of invoices and orders by the budget holder using email alerts and workflow. Images always available online. No physical storage requirements.
Difficulty in adopting best practice due to the differences in the two systems.	Best practice now being shared and implemented freely.
Three physical servers coming to the end of their life with little scope for growth	Two brand new virtual servers with huge growth potential and disaster recovery arrangements in place.

This model also allows us the greatest scope for growing the partnership whether that be by including additional partners fully in the Shared Services Partnership or simply hosting the financial systems for other organisations. The virtualised environment ensures the platform is scalable with minimal additional cost and the multi-company web-based software ensures other parties can join the partnership simply and quickly without the need for complicated and expensive ICT improvements. Even though best practice is being shared now, any further partners will add their valuable knowledge and experience as will as improving efficiencies through economies of scale.

4. Change Control

Two Exception Reports were produced for this project. The first was submitted to the Project Board in June 2010, at the very beginning of the project.

The original Business Case and PID for the project recommended using the multi-company functionality available on Chorley's existing implementation of Civica's "Authority Financials" software. This included utilising Chorley's existing hardware and delivering the system to staff at South Ribble via Authority WEB e-modules.

There were a number of reasons for recommending this solution over others outlined in the Business Case including minimising cost of the project without compromising quality and the relative technical simplicity of the implementation. Further to this the solution has now been proven, with Chorley's e-modules accessible and in use at South Ribble.

The Project Board identified a potential problem with the age and capacity of the current hardware in use at Chorley

1. Hardware Capacity

• The existing hardware at CBC was never designed or scoped for Multi Council operation
• There is a requirement to add capacity by freeing disk space or adding disk storage

2. Hardware Replacement

• The current hardware at Chorley Council was purchased in April 2004
• Due to age, plus proposed increase in use, Civica recommend hardware upgrade as soon as possible
• The recommended hardware specifications can be found in the document "Civica Financials Hardware Recommendations"

The resolution to this Exception Report was to implement and roll out the web channel and virtualise the existing hardware at Chorley in advance of the South Ribble migration. The result was a complete rescheduling of the project with the go live date moving from 1st October 2010 to 1st April 2011.

The second Exception Report was produced in January 2011 and identified and number of issues potentially impacting on the success of the project. They were:

1. Delayed Release of Civica Financials V 12, which contained a number of bug fixes and enhancements to enable to partnership to utilise the web channel
2. Historic Data Transfer, staff had requested additional historic data be transferred to the new system rather than the clean start originally specified.
3. Staff Concerns, while executing the Communications Plan a number of staff raised concerns about fitting in training, getting used to the new system and working in smaller teams at the busy year end period.
4. Local Transparency Agenda, key project staff had to unexpectedly spend time meeting the new Governments spending data publication requirements.
5. C-SMART, a delayed start to the Procure To Pay review,
6. Restructure, although carefully managed inevitably both the Revenues & Benefits and Shared Financial Services restructures caused some unavoidable disruption.

The resolution to this Exception Report was to invest in additionally support from the software supplier in order to ensure the go-live date of the 1st April 2011 was achieved. The supplier acknowledged their own impact on the project by issuing the new release behind schedule and absorbed much of this additional cost themselves.

5. Lessons Learned

The most significant lesson learned from this project was that, even though this was a Financial Management Information System and business process project in nature, it is still critical to ensure that the underlying ICT infrastructure is in place before embarking on such a project. Our most significant barriers related to the differences in approach, standards and technology in relation to ICT. Therefore, in terms of 'what could be done differently next time' the Project Team feel that having a shared ICT infrastructure before embarking on other shared services would be advised, but if this is not possible then trying wherever possible to agree parameters in advance or the establishment of a formal ICT relationship should be considered.

Additionally, partnership working requires even more focus on communications than normal. This is particularly important as many of the staff involved in this implementation were not well known to the staff at South Ribble and therefore the relationship was not well developed. I would therefore recommend that significant preparatory work be undertaken to build these relationships in advance of the project initiation.

6. Follow on Actions

No Issues remain outstanding in relation to this project.

Below are a number of Risks identified in the Risk Register which will require continuous monitoring through the life of the product

No.	Risk (Threat / Opportunity to achievement of objective)	Existing Mitigation & Controls in Place	Matrix Score	Further Risk Treatment Action	Matrix Score after further action	Target date for action	Responsible Person
2	The Shared Services Partnership could end leaving one or both authorities without a financial system or staff with the suitable skills to maintain the system.	Shared Services Exit Strategy	(3x4) 12	Shared Services Exit Strategy to be updated to include financial systems arrangements and provision to be made in contract with supplier to minimise potential disentanglement costs. SRBC to procure their own licences to provide cleaner exit mgt. arrangements	(2x4) 8	31/03/11	Lee Hurst
3	The recommended solution relies on a stable connection between the two authorities and full mutual disaster recovery arrangements have yet to be agreed. One or both authorities could experience loss of service.	Business Continuity Plans Disaster Recovery Plans	(3x4) 12	Ensure sufficient alternatives exist and produce a FMIS disaster recovery plan. Partnership ICT has produced a 'joined up infrastructure' paper addressing robustness of the link and are currently in discussions over mutual disaster recovery arrangements. Ensure these solutions are implemented.	(2x4) 8	31/03/11	Lee Hurst
8	Resistance to change from various departments.	Corporate and Member level support Robust business case Financial Regulations	(4x3) 12	A Communication Plan must exist, have gained board level approval and be properly executed to ensure authority wide buy-in. Ensure that the project, its objectives and benefits are adequately communicated to all senior managers & HOS The Project Board should comprise senior managers in all key areas who will be able to facilitate communication to all staff.	(3x3) 9	Ongoing for 01/04/11	Lee Hurst

				The project should be put forward for approval by Cabinet to ensure authority wide support.			
				The Project Team represents all key users.			
				The BPR work will ensure that user feed back will be taken into consideration.			
				The Project Plan provides for full training and user acceptance testing.			
17	The Council would encounter problems in the future if the supplier were not able to ensure commitment to emerging technology and develop the software to deliver the associated benefits.	The Council should prefer a supplier who has demonstrated a commitment to considering and adopting new technologies.	(3x4) 12	The Council has selected a supplier which has demonstrated a track record in adopting new technologies having the resources to successfully develop these in conjunction with its business partners. Current Partnership staff are involved with the product user group and have influence over the development and enhancement programme.	(2x3) 6	31/03/10	Lee Hurst

Additionally, this project has a Phase 2 element to implement the Budget Preparation and Asset Management modules. These will be subject to their own set of project management documentation and governance arrangements.

Finally, the Financial System is an ever developing tool for enterprise resource planning and operates in an ever changing legislative environment. As such, the system will be developed and maintained through the use of a joint Financial Systems Development Plan. This in turn will be the subject of performance monitoring through the Shared Service Programme Board.

7. Post Project Review Plan

The Post Project Review will be conducted by Lee Hurst on the completion of Phase 2 of the project. This is expected to be December 2011.

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Partnership FMIS

Implementation

Review

Background

South Ribble Borough Council had been using the "Powersolve" financial system since it was installed in November 1999. Whilst this system had been successful it was becoming slow due to a combination of ageing hardware and software. On-going support for both the hardware and software had become limited, for example the system suppliers (Civica, formerly Radius) withdrew development support for the software and were only able to support the live environment on a limited operational basis. This meant that although the system was serviceable, there was no development plan associated with the system and any new legislative requirements, such as International Financial Reporting Standards, would not be incorporated into the software. Instead, finance staff would have had to undertake additional work outside of the system to meet any new requirements.

For these reasons South Ribble was investing in replacing the financial system, but this project was put on hold pending the establishment of the South Ribble and Chorley Financial Services Partnership. After 2 years of planning and detailed implementation the Finance & Assurance Shared Service Partnership went live during the first week of January 2009. This came about with the signing of the legal agreement between the two Councils which marked a step change in partnership working.

A common financial management information system would afford the opportunity to adopt standardisation of working practices, streamline and enhance current processes, adopt best practice, reduce administrative burden and reduce costs. It would be a key enabler in delivering many of the efficiencies and improvements envisaged when creating the Shared Service Partnership and, given the existence of our Partnership, a solution which could be deployed from a single database and from one set of hardware would deliver further cashable efficiencies for both authorities.

The project began in the summer of 2010 with improvements to the partnership ICT network infrastructure and the virtualisation of the existing financial systems infrastructure, a key element of the project which would provide a modern, efficient and flexible platform on which to implement the shared solution whilst also providing advanced business continuity arrangements and the capacity for growing the model.

The Implementation

The next stage was to migrate to the common financial system. But this was not simply a technical change – there where many other objectives:

- **Deliver efficiencies through a Business Process Transformation of the key processes surrounding the core financial management information systems.**

- **Provide a platform for and implement common working practices.**

- **Delivery of a modern, sustainable and secure replacement financial management information system.**

- **Ensure both authorities can continue to meet legislative requirements.**

The project resulted in the implementation of the core Authority WEB e-modules for both Partnership authorities, including General Ledger, Debtors, Creditors, Purchasing, Budget Preparation and the Fixed Asset module.

The web channel was key in allowing us to share a financial system over the existing data link between the two authorities with minimal changes to either authority's existing ICT network infrastructure. Utilising a web browser meant there was no software to install on PC's, data traffic over the link was kept to a minimum and technology such as email alerts and work flow could be implemented.

The web solution also improved the user experience, providing a familiar web page presentation of the financial systems, streamlined to meet an end user's day-to-day needs by containing only the core functionality that adds value to their role.

Also included was a powerful Reporting module, utilising Crystal Reports, which allowed a huge leap forward in financial management reporting presenting data in accessible formats to all levels of decision makers and ensuring data no longer needed to be manually manipulated outside of the financial system into presentations and reports. An important element of this was developing a common chart of accounts and financial reporting structure.

Additionally, an intelligent scanning solution for creditor invoices was implemented which allowed us to centralise the accounts payable function into one team for both authorities and streamline the procure-to-pay process.

Paper invoices are no longer passed around the authority, addressed to individual departments, stamped with a coding grid, ledger code written on and then passed to an authoriser a for a signature before being batched up and filed in endless rows of filing cabinets. Now invoices are scanned on receipt in one central location, ledger coding comes from an appropriately approved purchase order in the integrated Purchasing module and approval is online via an emailed alert.

The Benefits

Immediate revenue savings were achievable as a result of the implementation of the shared financial information system. The budgeted software licence, maintenance and running costs for 2010/11 and 2011/12 are compared below.

2010/11 Budgeted FMIS costs	103,384
2011/12 Budgeted partnership FMIS costs	58,830
Annual Cashable Revenue Savings	**44,554**

Project Capital Budget

The project had a capital budget as follows

	Capital
	£
Initial Licence Fee for shared financial system	73,455
Implementation services	13,000
Contingencies	5,000
Partnership ICT network infrastructure	30,000
Total	**121,455**

South Ribble originally had a capital budget of £300,000 for the implementation of its own new financial system in 2010/2011. The shared solution identified by the Shared Financials Services Team only required a budget £121,455 so releasing £178,545 allocated in the capital programme to other key projects and objectives.

The significantly lower budget required for a shared system was achievable because the existing skills of the employees now working within the Shared Services Partnership had gained vast experience implementing, operating and developing Civica Financials at Chorley Council and had become a leading authority in its both its use and development.

This meant Partnership staff were able to undertake the technical elements of the implementation usually undertaken at significant cost by the software supplier. Also, a shared services model for software licence fees was established as South Ribble would be using Chorley's existing software and hardware and therefore only one support contract would be required.

Going Live

The shared financial system went live on the 1st April 2011 as planned. In-house knowledge was utilised to implement the system so will now be retained within the service rather then leaving with an implementation consultant.

Staff feel empowered and are left with a great sense of achievement as well as a wealth of knowledge and additional experience. Project governance arrangements were successful and ensured the project was delivered on time and on budget. Below is a short analysis of the change on go-live.

Where we were....

Two systems, two sets of hardware two licence fees two sets of running costs.

Two systems with complicated rich client access requiring upgrades to all PC's. Additional software required to allow access across two sites.

Two security policies and two sets of access controls to manage. Duplication of maintenance and administration tasks.

One old system with no development potential and one newer system.

Devolved input of creditor invoices at South Ribble involving around 40 people.

Two exchequer teams equating to approx 5 FTE's processing creditor invoices in two different ways with little scope for cross skilling – one with manual input while the other scans invoices

Paper chase for authorisation of invoices and orders by physical signature. Batching and storing of paper difficult to retrieve for future reference.

Difficulty in adopting best practice due to the differences in the two systems.

Three physical servers coming to the end of their life with little scope for growth

Where we are now....

A single multi company system, one set of hardware, a shared service licence fee saving of £44k pa

Simple web-based solution. No software installed on PC's containing only the core functionality which the user requires. No software required to deliver across two sites and minimal data footprint through the link.

Single set of consistent controls and security policies, one maintenance plan. Administration tasks undertaken once for both companies.

A single system with a single development plan enabling the convergence of processes and therefore efficiencies and best practice

Centralised creditor invoice processing and a streamlined procure-to-pay process.

One Accounts Payable team equating to approx 3 FTE's adopting a single process utilising intelligent imaging.

Online authorisation of invoices and orders by the budget holder using email alerts and workflow. Images always available online. No physical storage requirements.

Best practice now being shared and implemented freely.

Two brand new virtual servers with huge growth potential and disaster recovery arrangements in place.

This model also allows us the greatest scope for growing the partnership whether that be by including additional partners fully in the Shared Services Partnership or simply hosting the financial systems for other organisations. The virtualised environment ensures the platform is scalable with minimal additional cost and the multi-company web-based software ensures other parties can join the partnership simply and quickly without the need for complicated and expensive ICT improvements. Even though best practice is being shared now, any further partners will add their valuable knowledge and experience as will as improving efficiencies through economies of scale.

Both authorities will now begin the implementation of the web-based Budget Preparation and Asset Management modules. These modules will allow the alignment of further elements of the financial and management accounting processes.

The Budget Preparation module will allow salary estimates to be prepared in a controlled centralised manner introducing a staged approach with monitoring, workflow and authorisation built in. Critically it will also allow whole payroll budget modelling. This means the impact of potential policy changes, such as changes in NI rates, could be quickly propagated by changing one simple set of control data. The payroll budget for the whole authority will be quickly updated to reflect these changes and so allow decisions to be made instantly.

The Asset Management module will allow us to move from a spreadsheet based approach to calculating transactions relating to assets, such as depreciation and revaluations. Assets will be recorded in the new system as they are purchased and this will update the authority's balance sheet. Revaluations, impairments and similar in year movements will result in the balance sheet being updated automatically and a year end process will calculate and post the authority's depreciation charges based on the pre-set policies.

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SHARED SERVICES JOINT COMMITTEE

FORWARD PLAN

Date of Meeting	Subject	Lead Officer
26 March 2012	Performance Management Report	GB/SG
	Shared Financial Services	SG
	Shared Services (exempt)	SG
18 June 2012	Appointment of Chairman & Vice Chairman	
	Annual Report 2011/12	GB/SG
	Draft Statement of Accounts 2011/12	SG
24 September 2012	External Auditor's certificate and opinion – year ended 31/3/2012	External Audit/SG
	Performance Management Report	GB/SG
3 December 2012	Service/Business Planning Proposals for 2013/14	GB/SG
28 January 2013	Performance Management Report	GB/SG
	Business Improvement Plan & Budget 2013/14	GB/SG
25 March 2013	Performance Management Report	GB/SG

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