

REPORT TO	DATE OF MEETING
Shared Services Joint Committee	20/06/10

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Financial & Assurance Shared Services Annual Report 2010-11	N/A	G Barclay & S Guinness	6

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report summarises and explains the content of the attached Annual Report for the Financial and Assurance Shared Services Partnership covering the second complete financial year of its operation.

The Committee has received regular performance reports during the course of 2010/11 highlighting the actions taken to deliver the planned service improvements and performance targets specified in the 2010/11 Business Improvement Plan. This report provides the final out-turn position for members' information.

The Shared Services Partnership is seen as a key project by both Chorley and South Ribble Councils and makes a direct and extensive contribution to the following strategic objectives:

“Ensuring that **Chorley** Council is a consistently top performing organisation.”

“**South Ribble** is an efficient, effective and exceptional council.”

RECOMMENDATIONS

That the Joint Committee notes and comments on the attached report.

DETAILS AND REASONING

The Joint Committee has previously approved the Service Level Agreement which sets out the key outputs required of the Partnership and the individual performance measures against which it will be judged. The Business Improvement Plan translated these outputs and measures into specific deliverables and targets which needed to be achieved during 2010/11.

The attached report summarises the highlights and achievements last year at Partnership level and individually by Shared Financial Services and Shared Assurance Services.

The report also contains final statements on the implementation status of all the key projects and performance targets as at the end of March 2011. Members will note that we have been successful in achieving the vast majority of our planned service developments and performance targets for 2010/11.

WIDER IMPLICATIONS

FINANCIAL	The attached report provides a summary of the financial out-turn for the Partnership as at the end of the 2010/11 financial year and demonstrates that the Partnership met its financial objectives for the year.		
LEGAL	<p>The Shared Services Joint Committee was established under Section 101 of the Local Government Act 1972 and provides the overall governance for the Shared Services Partnership.</p> <p>The terms of the Partnership are set out in an Administrative Collaborative Agreement which has been signed by both sponsoring Councils. The Collaborative Agreement in turn incorporates a Service Level Agreement which sets out the key outputs required of the Partnership and the individual performance measures against which it will be judged.</p> <p>The Business Improvement Plan for 2010/11 translated these outputs and measures into specific deliverables and targets which needed to be achieved during the last financial year and this Annual Report provides a summary of the Partnership's achievements in that regard.</p>		
RISK	A dedicated Risk Register was established at the Partnership's inception and this has been updated to take account of the extensive progress that has now been made to mitigate the inherent risks that were faced at the outset, and to take account of any emerging risks now facing the Partnership. The updated Risk Register is set out in the Partnership Business Improvement Plan for 2011/12.		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

1. Partnership Business Improvement Plan 2010/11.



Chorley
Council

Working in **Synergy** on shared services

FINANCIAL & ASSURANCE SHARED SERVICES PARTNERSHIP

ANNUAL REPORT 2010/11

June 2011

CONTENTS

HIGHLIGHTS & ACHIEVEMENTS IN 2010/11

KEY SERVICE DEVELOPMENTS 2010/11

KEY PERFORMANCE TARGETS 2010/11

FINANCIAL OUT-TURN 2010/11

APPENDICES

HIGHLIGHTS & ACHIEVEMENTS IN 2010/11

2010/11 represented a challenging year as the Partnership continued to embed both new and combined ways of working whilst seeking to improve the delivery of its services.

The first half of the year was a particularly successful period during which three separate Statements of Account were again prepared for the two Councils plus the Joint Committee and each received unqualified audit opinions.

During the summer we undertook a detailed survey of our key customers and received extremely positive feedback across all service areas. Some improvement opportunities did, however, emerge from the survey and in January 2011 we presented an Improvement Action Plan to the Joint Committee (see Appendix 1). Some of these actions have already been addressed and others are contained in the Business Improvement Plan for 2011/12.

In the year of the Government's announcement with regard to the 2010 Comprehensive Spending Review (CSR) and subsequent significant reductions in Local Government funding, the partnership continues to provide each Council with significant savings. These have been achieved not only in the Partnership's own budget but via its services and advice provided to Budget Holders with regard to procurement activities. Importantly we have also identified ways of reorganising the services from 2011/12 onwards which will deliver even greater efficiency improvements and consequential savings going forward.

In addition to achieving our financial targets for 2010/11 we have also been successful in delivering the vast majority of our planned service developments and projects, the largest and most challenging of which was the roll out of a common financial management information system (FMIS) for both host authorities.

The FMIS project involved developing and implementing a method for delivering the same FMIS system at both Chorley and South Ribble Councils. The overarching aims of the project were to introduce a fit for purpose system that made the very best of new technology in a way that also achieved maximum efficiency savings. This was achieved, not by replicating a second version of the system currently used by Chorley, but in a very innovative way. By expanding the ICT infrastructure at Chorley we were able to house both Councils' accounts within the one system which was also upgraded at the same time. The end result was to create two companies within the one system with robust controls and disaster recovery processes to safeguard confidential information and ensure continuity of service. As far as we are aware this is the first time this has been achieved.

The potential of this now tried and tested new way of working has already interested the system provider CIVICA and also provided us with the ability to provide FMIS services to an external customer and thus raise additional revenue for the partnership. In deed one of our projects for 2011/12 is to investigate the feasibility of doing so.

A summary of success stories from last year are noted below:

Shared Assurance Services

The establishment of a Customer Charter at SRBC

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

Retention of the ISO 9001 quality standard

Joint tender for insurance broker services delivering savings

Positive endorsement by the Audit Commission of the effectiveness of the risk management & internal control arrangements at both host authorities

Shared Financial Services

Full assessment of the Comprehensive Spending Review and significantly earlier production of Council details budgets including challenging and extensive budget efficiency plans

Full review and re-drafting of Contract Standing Orders at both authorities leading to new standard draft with local requirements

Publication of Selling to the Council Guide at SRBC, Review and update at CBC

Implementation and development of the regional e-procurement portal for initial pilot within the Procurement Team

Significant procurement savings achieved exceeding set targets

Substantial Assurance rating given by Internal Audit in their final report on the controls in place in the procurement process at both CBC and SRBC

KEY SERVICE DEVELOPMENTS 2010/11

The 2010/11 BIP included 34 key projects which represented planned service developments last year. Using a traffic light system, the year-end out-turn position is summarised in the table below:

Detail	Partnership Level	Assurance Services	Financial Services
Projects Green - completed	4	10	14
Projects Amber – part completed	0	0	1
Projects Red - not completed	0	4	1
Total	4	14	16

Full details on the status of each project are shown at Appendix 2. The following paragraphs provide short commentaries on the red projects and accompanying explanations.

ASSURANCE SERVICES RED PROJECTS

Governance & Fraud Awareness

The roll-out of the on-line Meritec fraud awareness survey slipped into the first quarter of 2011/12. The delay at Chorley was due to the need to revise and publish the Anti Fraud & Corruption Strategy prior to conducting the survey.

Updating Risk Management Policies

Completed at South Ribble but slightly delayed at Chorley due to some changes in responsibility which needed to be reflected in the revised Risk Management Framework.

Emergency & Business Continuity Plans

Although Emergency Planning training & simulation exercises were completed at both host authorities the documentary updates were still in progress at year end.

Business Continuity Plan revisions were also still in progress at year end and simulation exercises have now been scheduled in the 2011/12 Business Improvement Plan.

FINANCIAL SERVICES RED PROJECTS

Review of Procure to Pay processes at South Ribble

This project was interwoven with the introduction of the new FMIS at South Ribble. As previously reported to Joint Committee delays were experienced within the FMIS project with regard to implementation (for example, the release of updates from the supplier) and at one stage this major project became off track. Implementation for 1st April 2011 was non-negotiable and so corrective action taken included re-prioritising work where appropriate. The revision of Procure to Pay processes at SRBC is now complete but further work will be undertaken as part of the development stage of the new system.

Single Point of Contact for Revenue and Capital Budget Management

Delays were experienced in 2010/11 with regard to assigning a single point of contact for Budget Holders for both Revenue and Capital Budget Monitoring and Management mainly due to the Budget Review of Shared Financial Services and the subsequent significant restructure. A number of staff involved in management accountancy processes were affected and are, with effect from 1st April 2011, carrying out new duties. In addition, some staff are also learning how to use the new financial management information system and heavily involved in its development. To ensure a smooth transition for customers and sufficient capacity for staff training, this project has been delayed and will be implemented during 2012/13.

KEY PERFORMANCE TARGETS 2010/11

The 2010/11 BIP contained 41 performance indicators which were, in the main, derived from the work of the National Audit Office (Value for Money in Public Sector Corporate Services 2007).

Again using a traffic light system, the year-end out-turn position is summarised in the table below:-

Detail	Assurance Services	Financial Services
Green on target	10	18
Amber – 5% or less off target	1	1
Red – more than 5% off target	2	4
Not measured	1	4
Total	14	27

Full details on each performance indicator are shown at Appendix 3 and a summary of the red and amber targets is shown below:-

ASSURANCE SERVICES TARGETS

Measure	Target	Actual
% Agreed Management Actions Implemented	100% Priority1	78.5% Priority1
Of the agreed management actions implemented – the % implemented on time	100% Priority1 80% Priority2	65% Priority1 74% Priority2
% overall customer satisfaction rating for audit assignments	96%	91%

% Agreed management actions implemented & implemented on time – Although these are Shared Assurance performance targets their achievement is largely attributable to Service Managers who are charged with implementing the actions agreed and these are monitored on an ongoing basis by the respective Audit & Governance Committees. The Joint Committee’s remit is to oversee that Shared Assurance is maximising its efforts to secure timely implementations and in this regard several improvements to the follow up system will be trialled in 2011/12.

% Overall customer satisfaction rating for audit assignments – This is only marginally below target and no significant issues emerged from the analysis.

NB – the above figures represent aggregates of the separate indicators which have been reported to the Audit and Governance Committees of the host authorities and which are also shown in Appendix 3.

FINANCIAL SERVICES TARGETS

Measure	Target	Actual
SFS Staff Satisfaction Survey	95%	81%
10 working days from period-end closure to distribution of financial reports	100%	75%
Statutory Returns & Grant Claims returned on time	100%	85%
Credit Notes as a % of total customer invoices	6%	13.9%
Number of Council’s Top 10 suppliers (by spend value) who have formal partnership/framework agreements with the authorities	100%	95%

SFS Staff Satisfaction Survey - The staff satisfaction survey was undertaken during the Budget Review process and subsequent restructure of the service. It was, therefore, expected that this may have a negative impact on the level of overall staff satisfaction within the service. Nevertheless 81% is a very positive result.

10 working days from period-end closure to distribution of financial reports – Some Budget Monitoring reports were circulated a few days after the 10 working day indicator at South Ribble due to issues with the old Powersolve financial management information system, namely, onerous report writing processes. This has been resolved as part of the new FMIS project where reports are generated automatically.

Statutory Returns and Grant Claim returned on time - 70 out of the 82 returns submitted in 2010/11 have been early or on time. Twelve have been submitted late, this is mainly due to: the focus on Statutory Accounts; the development and implementation of FMIS together with an early start to the budget setting process at both Councils given the challenges contained within the 2010 Comprehensive Spending Review; and subsequent compilation of critical budget efficiency programmes.

Credit Notes as a % of total customer invoices - The number of credit notes increased due to dog waste bin invoices being raised excluding VAT, this was a one off occurrence and has now been corrected. In addition, Market Traders pay their invoices up front at the beginning of the year, therefore, any circumstances arising throughout the year that alter the charges for that year require an adjustment to be made via a credit note to the original invoice. It is proposed that invoices are raised in advance each quarter and therefore any such adjustment is made to the next subsequent invoice as opposed to via a credit note.

Number of Council's Top 10 suppliers (by spend value) who have formal partnership/framework agreements with the authorities – There is one instance where procurement does not occur with a supplier with a formal agreement. This is for the procurement of diesel at SRBC, "Spot buying" is the best way to ensure best value for diesel where prices can change daily.

FINANCIAL OUT-TURN 2010/11

At each Joint Committee meeting during 2010/11 up-to-date budget performance statements were reported showing actual performance against the approved original 2010/11 budget. The following statement sets out the final out-turn position as at 31st March 2011.

Cost Category	Original Annual Budget £000	Out-turn as at 31 st March 2011 £000	Under/(Over) Spend £000
Salary Costs	1,682	1,519	163
Other Staff Costs	37	45	(8)
One Off Restructuring Costs	-	62	(62)
Lancashire CC Audit Budget	9	46	(37)
Transport	14	11	3
Supplies and Services	42	51	(9)
Budget Savings Target	(50)	Achieved above	(50)
TOTAL	1,734	1,734	-

Significant Variations

The above presents the 2010/11 actual out-turn position compared to the original budget approved by the Joint Committee in order to demonstrate the total movement from the original financial plan during the year. As previously reported the variation in salary costs is primarily due to a number of posts which were not filled during the setting up stage of the Partnership and as such are temporary in nature. The largest element of this is in Internal Audit and the Joint Committee has agreed that this resource can be redirected to purchase additional audit days from Lancashire County Council. The variations within the budget greater than £10k are as follows:-

Cost Category	Under/(Over) Spend £000	Explanation
Salary Costs	154	Underspend brought about by vacant posts
One Off Restructuring Costs	(62)	One off costs incurred to achieve recurring reduction in SFS of £277k (payback period = 4.5 months)
Lancashire CC Audit Budget	(37)	Use of SAS vacancy savings above to buy in audit days from LCC
Budget Savings Target	(50)	Original budget savings target achieved by underspend on salary costs above

APPENDIX 1 – CUSTOMER SURVEY – KEY IMPROVEMENT ACTIONS

IMPROVEMENT ACTION	STATUS
Internal Audit	
<ul style="list-style-type: none"> Greater focus on reviewing service specific risks (CBC) 	<ul style="list-style-type: none"> Have sought to address this as part of the 2011/12 audit planning process. An opportunity does however exist to up-skill managers to undertake risk & internal control self assessments and we have therefore incorporated this as a key project the 2011/12 BIP
Risk Management & Insurance	
<ul style="list-style-type: none"> Greater awareness of risk management procedures 	<ul style="list-style-type: none"> These have been updated at South Ribble and are in progress at Chorley. Both will be publicised on the respective intranets. The above project in the 2011/12 BIP will also facilitate this
<ul style="list-style-type: none"> Publicise the insurance service 	<ul style="list-style-type: none"> This has been incorporated as a key project in the 2011/12 BIP by way of updating and publicising an insurance manual at each host authority
Emergency Planning	
<ul style="list-style-type: none"> Better communication of the service & the arrangements 	<ul style="list-style-type: none"> Projects have been completed to test the emergency plans at each authority. Plan updates are planned within the 2011/12 BIP.
Business Continuity Planning	
<ul style="list-style-type: none"> Better communication of the service & the arrangements 	<ul style="list-style-type: none"> Projects are already in progress to update and test the business continuity plans at each authority.

Accountancy Services	
<ul style="list-style-type: none"> • Provide more continuity of service accountants 	<ul style="list-style-type: none"> • The restructure for Shared Financial Services has been implemented and Accountants have been aligned to Budget Holders. It is not planned to change or rotate Accountants across service areas thus providing continuity of service. Although Single Point of Contact has not been embedded yet this remains an objective for the coming year.
<ul style="list-style-type: none"> • Provide a more proactive approach to supporting services 	<ul style="list-style-type: none"> • Accountants at SRBC to attend Directors Departmental Team meetings or dedicated financial sessions if more appropriate. • Projects within the Business and Improvement Plan, Transformation Strategy and Medium Term Financial Strategies involve a proactive approach to supporting service with managing their financial performance.
Systems Development & Exchequer	
<ul style="list-style-type: none"> • Provide more user training on the financial information system 	<ul style="list-style-type: none"> • All training documentation is being revised as part of the FMIS programme and rolled out to all users at South Ribble Council. • A programme of user groups bringing CBC and SRBC together have been scheduled for 11/12 to maximise the benefits of FMIS and includes the monitoring of user training. • As training is delivered the user will have the opportunity to amend/contribute to its ongoing development to make sure that it user friendly and fit for purpose. • The completion of the FMIS project at South Ribble Council has provided lessons learned in providing training and this will be rolled out at Chorley Council. • Financial Training Packages are a key project contained within the 2011/12 Business Improvement Plan
<ul style="list-style-type: none"> • Make the exchequer processes more customer friendly 	<ul style="list-style-type: none"> • This has been included as apart of the FMIS project. Automated alerter are now delivered to users via e-mail notifying them of actions needed. • User groups referred to below will also ensure that any problems experienced by customers are monitored and addressed.

APPENDIX 2 – KEY SERVICE DEVELOPMENTS 2010/11

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
Partnership Level						
Implementation of the Workforce Development Plan	SG & GB	January 2010	March 2011	<ul style="list-style-type: none"> Noted in host authority OD programmes 	GREEN	Now built into the host authority development programmes and is ongoing
Undertake the Customer Survey	SG & GB	April 2010	Jan 2011	<ul style="list-style-type: none"> Complete survey 06/10 Analyse results 09/10 Agree actions 12/10 	GREEN	Survey complete, results analysed & action plan in progress
Review intranet content at both Councils	SG & GB	April 2010	March 2011	<ul style="list-style-type: none"> Action Plan to be agreed 	GREEN	LOOP & CONNECT updated
Development of the Communications Strategy	SG & GB	April 2010	March 2011	<ul style="list-style-type: none"> Members Corporate Management Groups Management meetings Performance Appraisal 	GREEN	Residual actions from original Communications Plan now completed
Assurance As A Whole						
Develop the role of Assurance in reporting evidence of financial, risk and business continuity controls for key partnerships (SRBC)	GB	April 2010	March 2011	Develop an action plan for improving the oversight and reporting on partnership governance arrangements.	GREEN	Now incorporated within the Service Assurance Statements at both host authorities

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
Internal Audit						
Update the Internal Audit Charter in respect of the new shared audit service	CW	April 2010	December 2010	Report to Audit & Governance Committees Issue to all IA staff & communicate to all officers of both councils	GREEN	Submitted to February Governance Committee at SRBC Possible implementation as part of a wider Charter for support services at CBC
Update of the Quality System & retention of ISO 9001 standard	CW	Ongoing	January 2011	Regular review of IA processes & updates to the Quality System as necessary.	GREEN	Accreditation retained
Review the effectiveness of the system of Internal Audit in accordance with new regulatory requirements	CW	January 2010	July 2010	Undertake the review (March 2010) Insert conclusions in the Annual Reports to each council (June 2010) Feed into the Annual Governance Statements for each council (June 2010)	GREEN	Achieved
Support the governance policy awareness programmes at both councils	CW	April 2010	March 2011	Review and revise policies which fall under the 'governance' umbrella, as appropriate for each council. Raise awareness of the revised policies with all officers and members.	RED	All completed at SRBC but at CBC the Anti Fraud & Corruption Strategy update was still in progress at year end.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
Update the skills assessment for Internal Audit Staff in respect of the "Effective Internal Auditor" and the new core competencies	CW	April 2010	Sept 2010	Evaluate skills assessments during all appraisals for all IA officers (June 2010)	GREEN	Now actioned and integrated into April 2010 appraisals Also review sheet after each audit introduced – used to identify trends
Adapt the Meritec corporate fraud awareness package and issue to members & staff at both councils	CW	April 2010	March 2011	Trial Meritec within Assurance (September 2010) Roll out to all officers and members (December 2010)	RED	Still in progress at both SRBC & CBC at year end
Further develop the IDEA system interrogation package to encompass more applications	CW	April 2010	March 2011	Add to repertoire of reports run reports for key financial & business systems (Ongoing)	GREEN	Used on SRBC & CBC Council Tax & reduced number of matches on Single Person Discount requiring investigation
Risk Management						
Review & update all risk management policies & procedures in place at both councils	AA	April 2010	Dec 2010	Review & update policies, etc on Websites & Intranets (July 2010) Brief members & officers of revised policies (Dec 2010)	RED	Completed at SRBC but delayed at CBC due to some changes in responsibility which need to be reflected in the revised Risk Management Framework.
Oversee compliance with the latest anti-fraud guidance in Protecting the Public Purse (Audit Commission)	AA	April 2010	March 2011	Produce Action Plans & obtain member approvals (March 2010) Conduct half-yearly review of actions implemented (October 2010) & end of year review of actions implemented (March 2011)	GREEN	Review completed & outstanding actions to be fed into the Internal Audit follow up / monitoring system

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
EP & BCP						
Develop and implement an agreed protocol for providing Emergency Planning (EP) & Business Continuity Planning (BCP) support to both councils	AA	April 2010	September 2010	Produce written protocol & obtain officer approvals (February 2010) Arrange liaison meetings with the Responding Officers at both Councils to monitor effectiveness of the arrangements (monthly)	GREEN	EP and BCP protocols now in situ at both host authorities
Oversee and implement the EP/BCP Development Plans for both Councils	AA	April 2010	March 2011	Review & update existing plans including key actions, timescales & officers responsible (January 2010) Agree the program of activity and prioritise work flow with the Responding Officers (January 2010) Deliver the detailed actions set out in the Development Plans (ongoing)	RED	EP awareness training & simulation exercises organised at both host authorities and documentary updates in progress at year end. BCP updates also in progress at year end and simulation exercises included in the 2011/12 BIP.
Insurance						
Arrange the procurement of a single insurance broker under a combined agreement covering both Councils	AA	June 2010	1 st January 2011	Finalise procurement process & documentation & notify potential suppliers (September 2010) Appoint successful candidate (November 2010)	GREEN	Broker appointed

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
Oversee the exercise for the procurement of new long-term insurance agreements by both councils	AA	January 2010	1 st January 2012 (based on advice from broker)	<p>Working alongside the broker and assuming a start date of 1st January 2012:</p> <p>Produce a project / procurement plan (April 2011)</p> <p>Agree selection criteria (May 2011)</p> <p>Finalise proposal documentation & arrange OJEC publication (June 2011)</p> <p>Send documentation to interested parties (August 2011)</p> <p>Tender deadline (end September 2011)</p> <p>Submit summary of tenders to members including an appointment recommendation for approval (November 2011)</p> <p>Appoint successful insurers (end November 2011)</p> <p>New insurance starts 1st January 2012.</p>	GREEN	In progress

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	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 2010	September 2010	<ul style="list-style-type: none"> Consult customers Identify priority issues for customers and Shared Services Produce packages Deliver training 	GREEN	Packages have been collated in draft format. This project was largely completed in 2010/11, however, the packages are being re-visited to incorporate lesson learned from the training sessions delivered as part of the FMIS project. More extensive delivery of final packages has been rolled forward into the 2011/12 Business Improvement Plan. In 2011/12 Member training and new system training has already commenced.
Accounting for Sustainability	SG	January 2010	March 2011	<ul style="list-style-type: none"> Establish the requirements of the relevant accounting requirements Seek advice and guidance from with External Auditor 	GREEN	This project has been re-prioritised into 2011/12 as apart of core business.
Review of Procure to Pay processes at South Ribble	SG	April 2010	September 2010	<ul style="list-style-type: none"> Establish current procedures Consult with customers Identify service and efficiency improvements 	AMBER	Some delay was experienced due to staff resources being directed at bringing the Financial Management Information System back on track and end user availability for workshops. This project is now being progressed as part of the development stage of FMIS implementation where systems and processes across both councils are being aligned.
Review Resources Allocation of Shared Financial Services to provide single point of contact for Directors and Budget Holders for Revenue and Capital Budget Management	SG	January 2010	May 2010	<ul style="list-style-type: none"> Directors assigned single point of contact Hand over of capital budget monitoring responsibilities including training 	RED	This project is being rolled over into 2011/12 to ensure that Accountants are fully acquainted with their new roles and with new systems before taking on additional Capital Budget Monitoring responsibilities.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
Accountancy Services						
Provide a common partnership platform for Management Accounting processes, Budget Monitoring and Budget Preparation.	MJ&JB	April 2010	December 2010	<ul style="list-style-type: none"> • Identification of processes that do not add value • Establish most efficiency and effective processes in conjunction with Systems Implementation Project within this document • Consult with customers & stake holders & implement 	GREEN	This project now forms part of the development of FMIS and has been rolled forward into 2011/12 and included in the 2011/12 Business Improvement Plan.
Seek Tenders for Chorley Banking Services	JM	April 2010	March 2011	<ul style="list-style-type: none"> • Produce a project / procurement plan • Agree selection criteria • Finalise proposal documentation & arrange publication • Send documentation to interested parties • Tender deadline • Submit summary of tenders to members including an appointment recommendation for approval • Appoint successful bankers 	GREEN	COMPLETED - Contract has been re-negotiated and extended with existing service provider.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
Review the option to apply VAT to Land and Property transactions	JM	April 2010	April 2010	<ul style="list-style-type: none"> Review Option to Tax Legislation Consult with stakeholders Establish most beneficial tax treatment of Land & Property transactions Implement appropriate tax treatment 	GREEN	COMPLETED.
Preparation and comply with International Financial Reporting Standards (IFRS)	GW	April 2010	March 2011	<ul style="list-style-type: none"> Consultation with External Auditors Restate 01/04/09 Balance Sheet Revised Chart of accounts Restate 2009/10 Final Accountants 	GREEN	COMPLETED - On Target to be implemented as part of the Closure of Account Process for 2010/11 and concluded by the statutory deadline of 30 th June 2011.
System Development & Exchequer Services						
Common core financial information system across the partnership	LH	April 2010	December 2010	<ul style="list-style-type: none"> Produce business case, agree solution and produce cabinet report (Jan 2010) Produce project documentation and plan (Jan 2010) Consultation and execute project communication plan (Feb 2010) Complete business process transformation exercise and publish report (Mar 2010) Agree terms and sign contracts (April 2010) 	GREEN	COMPLETED - New System went live on 1 st April 2011. The system is now being development to make the very best of its functionality and further improve service delivery.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
				<ul style="list-style-type: none"> Implement common financial system (Jul – Sep 2010) incl. design, build, test, training, review and roll out. 		
Allocation of VAT Liability in purchasing system	LH	April 2010	December 2010	<ul style="list-style-type: none"> Review product and requisition class structure Agree purchasing tolerance checks with CFO. Assign VAT liability Test Turn on automatic invoice matching 	GREEN	COMPLETED - At present the process for the payment of invoices includes the additional control of invoice authorisation. If this is changed to automatic recognition of the invoice against the purchase order then this will need to be implemented as apart of the ongoing development of FMIS.
Increase number of purchase orders delivered electronically	LH	April 2010	December 2010	<ul style="list-style-type: none"> Contact creditors to acquire appropriate details (Mar 2010) Update system (May 2010) Train staff (May 2010) 	GREEN	COMPLETED – Numbers as a % of total purchase order increased in Chorley from 33.08% in April 2010 to 66.78% in March 2011. SRBC results stayed constant as the old systems was in use to year end. Further improvement is planned in 2011/12 in particular for SRBC with the introduction of the new system.
Integrate Sundry Debtor debt management into corporate debt management procedures and corporate monitoring – Chorley Council	LH	April 2010	December 2010	<ul style="list-style-type: none"> Agree procedure with CFO Review and update Financial Regulations Communicate new procedures and train staff Roll out new procedures and implement monthly reporting (Dec 2010) 	GREEN	COMPLETED – Procedures in place, sundry debtors function transferred to Revenues and Benefits on 1 st April 2011.

Project / Task	Lead Officer	Start Date	Finish Date	SMART Targets / Actions & Milestones	Status (RAG)	Update
Procurement Services						
Investigate and evaluate the regional e-tendering solution The Chest and implement if beneficial taking advantage of any available NWIEP part funding and support	JH	January 2010	September 2010	<ul style="list-style-type: none"> • Arrange user demonstration • Consultation with ICT departments and audit • Evaluate systems • Manage implications for standing orders, user guides, user training and system management 	GREEN	COMPLETED – The Chest has been successfully used in a number of procurement exercises.
Be involved in procurement activities with particular regard to major areas of expenditure and achieve procurement savings targets of £50,000 at both Chorley and South Ribble Councils.	JH	April 2010	September 2010	<ul style="list-style-type: none"> • Identify major expenditure scheme such as capital programme activity • Evaluate and identify spend options 	GREEN	COMPLETED - Procurement activity involvement and support include refuse collection vehicles, wheeled bins, grounds maintenance plant and equipment, insurance broker consultancy, telephony review and others.
Develop and implement action plan working towards achievement of Level 3 of the flexible Framework for Sustainable Procurement	JH	April 2010	March 2011	<ul style="list-style-type: none"> • Identify qualification requirements • Seek additional resource contributions e.g. Lancashire Procurement Hub • Develop and implement action plan 	GREEN	COMPLETED.
Develop and implement Selling to the Council Guide at each Authority	JH	April 2010	December 2010	<ul style="list-style-type: none"> • Research requiring • Complete Guide • Raise awareness • Publish on internet 	GREEN	COMPLETED.

APPENDIX 3 – PERFORMANCE TARGETS 2010/11

Key Measures	Lead Officer	Actual 2009/10	Target 2010/11	Target to date 2010/11	Actual to date 2010/11	Status (RAG)	Comments
Assurance As A Whole							
Assurance Staff Satisfaction	GB	N/A	N/A	N/A	N/A	NM	Annual Indicator
Internal Audit – CBC							
% Planned Time Utilised	CW	81%	90%	90%	98.5%	GREEN	Target exceeded
% Audit Plan Completed	CW	76%	92%	92%	92%	AMBER	Target achieved
Percentage of Management Actions Agreed	CW	100%	97%	97%	99%	GREEN	Target exceeded
% of Agreed Management Actions Implemented	CW	P1 – 76% P2 – 60%	P1 – 100% P2 – 80%	P1 – 100% P2 – 80%	P1 – 68% P2 – 70%	RED RED	P1 – Revised dates set for 25/77 MA's P2 – Revised dates set for 38/54 MA's
Of the Agreed Management Actions Implemented - % Implemented On Time	CW	P1 – 95% P2 – 100%	P1 – 100% P2 – 80%	P1 – 100% P2 – 80%	P1 – 56% P2 – 81%	RED GREEN	P1 – 29/52 MA's implemented on time P2 – Target exceeded
% customer satisfaction rating – assignment level	CW	86%	96%	96%	91%	AMBER	Based on 14 surveys. No trends emerging.

Key Measures	Lead Officer	Actual 2009/10	Target 2010/11	Target to date 2010/11	Actual to date 2010/11	Status (RAG)	Comments
Internal Audit – SRBC							
% Planned Time Utilised	CW	83%	90%	90%	106%	GREEN	Target exceeded
% Audit Plan Completed	CW	94%	92%	92%	95%	GREEN	Target exceeded
Percentage of Management Actions Agreed	CW	99%	97%	97%	98%	GREEN	Target exceeded
% of Agreed Management Actions Implemented	CW	P1 – 94% P2 – 94%	P1 – 100% P2 – 80%	P1 – 100% P2 – 80%	P1 – 89% P2 – 90%	RED GREEN	P1 – Revised dates set for 10/90 MA's P2 – Target exceeded
Of the Agreed Management Actions Implemented - % Implemented On Time	CW	P1 – 88% P2 – 88%	P1 – 100% P2 – 80%	P1 – 100% P2 – 80%	P1 – 74% P2 – 67%	RED RED	P1 – 21/80 MA's implemented on time P2 – 12/36 MA's implemented on time
% customer satisfaction rating – assignment level	CW	93%	96%	96%	91%	AMBER	Based on 22 surveys. No trends emerging
Risk Management							
Average customer satisfaction score per insurance claim (max 5.0)	AA	4.7	4.7	4.7	4.7	GREEN	On target

Key Measures	Lead Officer	Actual 2009/10	Target 2010/11	Target to date 2010/11	Actual to date 2010/11	Status (RAG)	Comments
Finance As A Whole							
Customer Satisfaction Survey	SG	82%	85%	85%	Not measured	N/A	Annual indicator – to be measured during 2011/12 to take account of feedback for the new FMIS and subsequent development of services provided across both Councils.
Financial Services Staff Satisfaction	SG	95%	95%	95%	81%	RED	The staff survey was undertaken during the Budget Review process and subsequent restructure of the service. It was, therefore, expected that this could have a negative impact on the level of overall staff satisfaction. Nevertheless 81% is a very positive result in the circumstances and an action plan is being developed to address the areas where issues were raised.
% of professionally qualified finance staff as % of total finance staff (vfm Secondary 1)	SG	25%	15%	15%	25%	GREEN	Achieved.
Accountancy							
Over/(Underspends) within 1% of manageable/cash revenue budget	SG	CBC = (0.6%) SRBC = (0.03%)	<1.0%	<1.0%	Not yet measured	N/A	Out-turn position being assessed as apart of the current year end accounts closure process – Information not yet available at date of report submission to Joint Committee.
% variation between the forecast outturn at month 6 and the actual outturn at month 12 (VFM Primary 3)	SG	CBC = 4.4%	5%	5%	Not yet measured	N/A	Out-turn position being assessed as apart of the current year end accounts closure process – Information not yet available at date of report submission to Joint Committee.

Key Measures	Lead Officer	Actual 2009/10	Target 2010/11	Target to date 2010/11	Actual to date 2010/11	Status (RAG)	Comments
10 working days from period-end closure to the distribution of financial reports (VFM Primary 2)	SG	90%	100%	100%	75%	RED	Budget Monitoring reports have been delivered monthly, however, some have been delayed for a few days per month due to the onerous and manual report writing procedures of the old Powersolve system at SRBC. The introduction of the new FMIS and revised reporting procedures will greatly improve this position in 2011/12.
Year end statutory accounts to contain no material errors and have an unqualified audit opinion	SG	0	0	0	0	GREEN	All three Statement of Accounts delivered on time with no errors and in SRBC case by mid June
Statutory Grant Claims and Returns to be submitted on time	SG	New measure for 2010/11	100%	100%	85%	RED	70 out of the 82 returns submitted to date this year have been early or on time. 12 have been submitted late, this is mainly due to the focus on Statutory Accounts and an early start on the Budget Setting process at both Councils given the challenges within the 2010 Comprehensive Spending Review.
Achievement of Prudential Indicators	SG	100% compliance with Prudential Indicators	100% compliance with Prudential Indicators	100% compliance with Prudential Indicators	100% compliance with Prudential Indicators	GREEN	Reported to each Council's relevant committee on Treasury Management
Achievement of industry investment benchmarks	SG	SRBC 1.91% CBC 0.57%	Out perform London Inter Bank Offered Rate (LIBOR) by 10%	Out perform London Inter Bank Offered Rate (LIBOR) by 10%/N/A	SRBC 1.12% CBC 0.65%	GREEN	Target exceeded where LIBOR = 0.43% and therefore LIBOR plus 10% = 0.47%
Systems Development & Exchequer Services							
Supplier Payment within 30 days (local indicator) (linked to AVFM Secondary 10)	LH	97%	97.75%	97.75%	98.09%	GREEN	Target exceeded

Key Measures	Lead Officer	Actual 2009/10	Target 2010/11	Target to date 2010/11	Actual to date 2010/11	Status (RAG)	Comments
Supplier Payment within 22 days (local indicator)	LH	85.88%	85%	85%	91.94%	GREEN	Target exceeded
Supplier Payment within 10 days (local indicator)	LH	31.66%	50%	50%	61.67%	GREEN	Target exceeded
% of supplier payments by electronic means (VFM Secondary 7)	LH	90.79%	90%	90%	93.62%	GREEN	Target exceeded
% of remittances to suppliers by electronic means	LH	87.84%	85%	85%	93.04%	GREEN	Target exceeded
% of Financial Systems availability	LH	96.23%	99.25%	99.25%	99.93%	GREEN	Target exceeded
% of debtor income received (before bailiff referral) CBC ONLY	LH	98.68%	90%	90%	98.26%	GREEN	Target exceeded
Number of debtor days (VFM Secondary 4) (measured at year end only) CBC ONLY	LH	76.5 days	85 days	85 days	39 days	GREEN	Target exceeded
Cost of customer invoicing function per customer invoices processed (VFM Secondary 3) CBC ONLY	LH	£7.47	£20.00	£20.00	£17.86	GREEN	The cost per invoice has increased from last year as the number of invoices raised has reduced. The function has now transferred into Revenues and Benefits and subject to a current review into providing a shared service with SRBC to maximise efficiencies.
Credit notes as a % of total customer invoices raised (VFM Secondary 5) CBC ONLY	LH	16.84%	6%	6%	13.9%	RED	Credit notes increased due to dog waste bin invoices being raised excluding VAT, this was a one off occurrence and has been corrected. Also Market Traders pay invoices at the start of the year, therefore, any circumstances arising in year altering the charge require adjustments via a credit note. It is proposed that invoices are raised quarterly, therefore, any adjustments are made to the next subsequent invoice not via a credit note.

Key Measures	Lead Officer	Actual 2009/10	Target 2010/11	Target to date 2010/11	Actual to date 2010/11	Status (RAG)	Comments
Proportion of outstanding debt that is more than 90 days old from date of invoice (VFM Secondary 8) CBC ONLY	LH	60.40%	14%	14%	6.06%	GREEN	Target Exceeded
Procurement Services							
Professionally qualified staff as % of total procurement employees (vfm Secondary 1)	JH	67%	33%	33%	67%	GREEN	Target Exceeded
LIB/P12 Satisfaction with the corporate procurement function	JH	94%	85%	85%	Not measured	N/A	Annual indicator – to be measured during 2011/12 to take account of feedback for the new FMIS and subsequent development of services provided across both Councils.
Sustainable Procurement – Attain level 3 of the National Action Plan Framework by 2009 (Level 5 by 2011)	JH	Progress towards achieving Level 2 was made	Achieve Level 3 by March 2011	N/A	Relevant elements of Level 3 achieved	GREEN	The elements of levels (1 to 3) that are appropriate to organisations such as Chorley and South Ribble Councils have been achieved. The optimum benefits have been realised at this stage. Further progress would only serve to gain recognition in external inspection which is no longer a requirement.
Number of Council's Top 10 suppliers (by spend value) who have formal partnership/framework agreements with the authorities	JH	90%	100%	100%	95%	AMBER	The procurement of diesel at SRBC does not occur with a set supplier with a formal agreement. This commodity is procured by spot buying in order to obtain the cheapest prices. This is the most appropriate procurement method.

Key Measures	Lead Officer	Actual 2009/10	Target 2010/11	Target to date 2010/11	Actual to date 2010/11	Status (RAG)	Comments
LIB/P22 Average invoice value	JH	CBC £1,253 SRBC £1,630	£1,200	£1,200	CBC £1,652 SRBC £1,765	GREEN	Target Exceeded
LIB/P24 Average Spend per Supplier	JH	CBC £9,306 SRBC £12,214	£9,600	£9,600	CBC £12,447 SRBC £11,067	GREEN	Target Exceeded

NOTES

(1) The annual report clarified that the following Key Performance Indicators (KPI) were deleted as the input required to collect the data is disproportionate to the value of the data output:-

- % of corporate spend placed with Small to medium Enterprises (SMEs)
- % of corporate spend aggregated through collaboration with other public sector authorities
- % of corporate spend including grants placed with the third sector i.e. voluntary, community and social enterprise sectors

(2) The Use of Resources KPI has been deleted due to the changes to the audit and inspection regime