

Report of	Meeting	Date
Chief Executive	Overview and Scrutiny Performance Panel	25 July 2013

OVERVIEW AND SCRUTINY PERFORMANCE PANEL – SHARED SERVICES FOCUS

PURPOSE OF REPORT

- To provide contextual information and initial questions for focus to the performance panel for shared services performance.

RECOMMENDATION(S)

- That the context and questions be discussed at the Overview and Scrutiny performance panel, with a view to understanding performance.

Confidential report Please bold as appropriate	Yes	No
--	-----	----

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	x

BACKGROUND

- In its terms of reference, the overview and scrutiny performance panel agreed that at each meeting, as well as considering performance reports, one area of service delivery would be identified for a focus at the meeting. For the July meeting, shared services have been selected.
- This report provides contextual information about the current performance of shared services, and suggests some questions for initial discussion. This will enable the panel and relevant officers and Members to prepare in advance of the meeting.

PERFORMANCE CONTEXT

SHARED FINANCIAL AND ASSURANCE SERVICES

Governance

1. 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.
2. 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 performance measures against which it will be judged.
3. The Business Improvement Plan translates these outputs and measures into specific deliverables and targets against which performance is measured and reported on a quarterly basis.

Performance Indicators

4. At the end of quarter 4 2012/13, the overall KPI performance for Shared Financial and Shared Assurance Services has improved from last year's year end out-turn.
 - 80% of financial service indicators are green in comparison to 50% in 2011/12.
 - 46% of assurance service indicators are green in comparison to 42% in 2011/12
5. The majority of projects were also rated green with just 2 financial services projects rated amber.
6. KPI's and projects rated red or amber specifically related to Chorley Council are shown below:

Indicators	Target	Actual	Rating	Reason
Assurance				
Planned Time Utilised	90%	84%	Red	A temporary reduction in audit resources due to the in-year departure of 2 senior auditors was absorbed due to some planned audit assignments being no longer required or rescheduled for completion in 2013/14.
Audit Plan Completed	100%	82%	Red	
Customer Satisfaction Rating	90%	88%	Amber	Only marginally below target & no issues arising.
Financial services				
Underspends within 1% of manageable/cash revenue budget	<+/- 1.0%	4.8%	Red	(1) Underspends against estimates mainly attributable to employee budgets which is the highest area of spend. (2) Two planned temporary breaches of prudential indicators with no adverse financial consequences.
Achievement of prudential indicators	100%	89%	Red	
Statutory grant claims and returns to be submitted on time	100%	97.4%	Amber	

Projects	Rating	Reason
<ul style="list-style-type: none"> Development of the current level/programme of financial training packages for Members and Budget Holders to include use of systems, process improvement and financial management techniques 	Amber	<p>This project has been paused as priority is being assigned to the restructuring arrangements and budget preparation processes. In addition the large scale changes to public sector financing arrangements review are in the process of being implemented.</p> <p>These changes will be incorporated into the project which has been rolled over and continued in 2013/14.</p>
<ul style="list-style-type: none"> Review of the Management Accountancy processes post FMIS implementation with a view to establishing a common basis for methodology, calculation and budget holder and corporate reporting. 	Amber	<p>This project has been paused to be rolled over and continued into 2013/14. Priority has been focussed on budget preparation, dealing with a late settlement announcement and the fundamental changes to public sector core funding regimes. Resources are now available to assist in the finalisation of the project next year.</p>

Efficiencies

- The initial feasibility study recommending a shared service suggested savings of up to £0.280m or 10% on the current cost base of the two Councils.
- Since the partnership was launched at the beginning of January 2009 over £0.550m worth of budget efficiencies have been achieved on a recurring basis from the original budget position which was less than £2.0m.

Year	Budget Adjustments		Annual Budget
		£000	£000
2008/09 (Jan to Mar)	<i>Budget Efficiencies Partnership Launch Jan 2009</i>	<i>(0.102)</i>	part year
2009/10	Full Year 2008/09 Budget		1.786
	Budget Efficiency Target - One off	(0.050)	1.736
2010/11	Net budget efficiency target/volumetric/ committed growth	(0.002)	1.734
2011/12	One off budget savings re-instated	0.050	1.784
	Net budget volumetric/ committed growth	0.020	1.804
	<i>Budget Efficiencies - recurring</i>	<i>(0.291)</i>	1.513
	Transfer FMIS to SFS	0.095	1.608
2012/13	Net budget volumetric/ committed growth	0.010	1.618
	<i>Budget Efficiencies - recurring</i>	<i>(0.100)</i>	1.518
2013/14	Net budget volumetric/ committed growth	0.030	1.548

	Budget Efficiencies - recurring	(0.060)	1.488
	TOTAL RECURRING BUDGET EFFICIENCIES TO DATE	(0.553)	
	As % of the pre-partnership budget provisions	29%	

OTHER SHARED SERVICES:

9. **Local Development Framework (LDF):** Work on the LDF was delivered in partnership with South Ribble and Preston Council's although this is now coming to an end following adoption of the core strategy.
10. **Community safety:** Currently delivered through the shared Chorley and South Ribble Community Safety Partnership with savings of £64,837 recorded subsequent to the agreement of a collaborative working model in 2010. Following a long period of decreasing crime levels, a slight increase in overall crime of 0.9% was recorded at the end of quarter 4 2012/13.
11. **Revenues and benefits:** Work was undertaken to map processes used by both councils in revenues and benefits, led by South Ribble and funded by Team Lancashire. The shared service was not implemented as both councils had significantly different approaches and priorities for the services, and Chorley made larger savings through its recent restructures. Some elements around fraud are now shared.

QUESTIONS

To support those involved at the meeting to prepare, and to aid discussion, some initial questions to be addressed are set out below:

1. A number of actions related to SFAS performance indicators and improvement projects have been rolled over into 2013/14. Please provide an update on current performance for quarter 1 with reference to those PI's and projects rated red or amber as above.
2. In relation to SFAS, a number of budget efficiencies have already been identified for 2013/14.
 - Are any further savings anticipated in this financial year either cashable or non-cashable?
 - What is the potential to achieve further efficiencies in future years?
3. Other shared service functions currently exist although not to the scale and integration of the financial and assurance services function. Also, other options such as plans for the wider sharing of revenues and benefits and the approved proposal for shared ICT services have not yet been progressed.
 - Aside from Shared Financial and Assurance Services, what is the overall appetite/direction for shared services at Chorley Council in the light of necessary efficiency savings?

IMPLICATIONS OF REPORT

6. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area	✓	Policy and Communications	

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Vicky Willett	5348	05 July 2013	Shared service performance focus