

REPORT TO: FINANCE COMMITTEE - 12 SEPTEMBER 2005

REPORT ON: FINANCE GENERAL SERVICE PLAN 2003-2007 - PERFORMANCE REPORT FOR 2004/2005

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 363-2005

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise the Committee of the performance for 2004/2005 against the performance indicators in the Finance General Service Plan 2003-2007 approved by the Finance Committee on 12 January 2004.

2 RECOMMENDATIONS

- 2.1 That the Committee notes the progress in 2004/2005 towards the performance targets set for each service in the Finance General Service Plan 2003-2007.

3 FINANCIAL IMPLICATIONS

- 3.1 All initiatives introduced to improve performance will be contained within Finance General's Revenue Budget for 2005/06.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 There are no direct Local Agenda 21 implications.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 There are no direct equal opportunity implications.

6 BACKGROUND

- 6.1 The Council's Best Value submission to the Scottish Executive on Public Performance Reporting requires an annual report by all departments on the performance indicators in their Service Plans.
- 6.2 The Finance General Service Plan 2003-2007 approved by the Finance Committee on 12 January 2004 indicated performance reporting requirements would be met mainly by an annual report to the Finance Committee.

7 PERFORMANCE INFORMATION 2004/2005

- 7.1 The relevant performance information for each performance indicator identified in the Finance General Service Plan has now been tabulated and is enclosed as Appendix I. A brief commentary on initiatives planned to improve performance is provided below.

7.2 Accounting Services

Most of Corporate Finance's targets were achieved during the year. In addition the Summarised Accounts (2003/04) were incorporated within the Council Tax additional information sheet that was sent out in March 2005. These were recommended as best practice by the Chartered Institute of Public Finance Accountants as part of the wider Public Performance Reporting framework. This section also carried out two consultation exercises with the general public making use of the internet to reach as many taxpayers as possible.

7.3 Internal Audit

In July 2004 Audit Scotland issued a national follow-up report entitled 'A Job Worth Doing - Raising the standard of internal audit in Scottish Councils'. The objective of this study was to measure the progress made by the internal audit functions within local government in Scotland since the initial study in 2001. Audit Scotland undertook this study on behalf of the Accounts Commission and the assessment framework used was developed from the CIPFA Code of Practice for Internal Audit in Local Government.

In the national report the Internal Audit Service in Dundee City Council was scored as Band 1 which represented those Councils which are almost fully compliant with these objectives. The Council's Internal Audit Service had previously been scored as Band 2.

The cost of the Internal Audit service as a percentage of the Council's total employee costs was lower than target due to difficulties in attracting qualified staff to fill the two new posts within the structure. Towards the end of the financial year two new members of staff were appointed which should assist the section achieve its performance targets in the coming year.

7.4 Insurance and Risk Management Services

The Risk Management Section provides Insurance and Risk Management Services to all Dundee City Council Departments and a diverse range of Public Sector bodies throughout Tayside. The section has been concentrating on implementation of the Council's risk management strategic plan and more recently on the conclusion of the Council's risk register.

7.5 Treasury Management Services

Loans Fund interest and expenses are broadly comparable with last year and are in line with budget. These rates are expected to be better than the Scottish average.

7.6 Pension Fund Administration

The cost per member to administer the fund of £27.18 has been reduced by 3% of the previous years figure. The ratio of staff to membership has continued to rise due to membership of part time employees and pensioners living longer. The Pension Section has now changed over to the new Resourcelink payroll system.

7.7 Pension Fund Investment

The Pension Fund was ahead of the Average Fund though still below target. Most Funds are moving away from targets based on WM Company which was the traditional performance measure.

This indicator may be changed in the future to correspond with individual manager targets. In total the Fund was 0.7% ahead of these individual benchmarks.

7.8 Payment of Creditors

The Council is again ahead of target in paying suppliers within 30 days of the receipt of invoice with performance at 93.7% for the year to 31 March 2005. In addition, the percentage of local suppliers paid within 14 days of the receipt of invoice has improved to 67%. The unit cost per creditor paid has been maintained at £0.70. This has been achieved through 93% of creditors being paid by bank transfer and the percentage of remittance advices e-mailed to creditors being increased from 9% to 20% over the past year. During the past year the payment of creditors function within the Council was the subject of an independent audit review by a firm Public Sector Funds recovery. The report from this audit included the conclusions that 99.99% of the number of transactions reviewed were processed correctly and "these figures represent an exceptionally well-managed and controlled Purchase Ledger function within Dundee City Council".

7.9 Payment of Salaries and Wages

Unit cost per payslip continues to rise as a result of the implementation of the Council's new integrated payroll/personnel system. Additional staff resources have been involved in capturing payroll/personnel information for this new system and in the dual running of systems. Over 300,000 payslips are being processed annually and virtually all of these are accurately recorded first time.

7.10 Collection of Sundry Debtor Accounts

The unit cost per debtor account has increased slightly from 2003/04 but is well within the projected target figure. Collection rates remain comparable to the previous year but further work is required to meet the 86% target. Improvements to billing procedures should assist achieve this target as should the use of an external collection agency for small value sums. The target for customers paying by direct debits has been substantially exceeded.

8 **KEY ACHIEVEMENTS**

- 8.1 The department is currently implementing a phased introduction of an integrated payroll and human resources system called Resourcelink. This allows payroll and personnel data to be maintained in the one system and eliminates a significant amount of double input to what were formerly two separate systems.
- 8.2 The department carried out two major consultation exercises with the general public on the Revenue Budget and the future of local taxation. For the first time the department carried out these exercises manually and on the Internet in order to reach as many members of the public as possible.
- 8.3 The department participated fully in the National Fraud Initiative 2004. Although work is still ongoing this exercise which involved the use of computer assisted audit techniques has provided the Council with additional assurance of the integrity of its financial systems.
- 8.4 A staffing restructure was undertaken during 2004/05 which should improve the efficiency of the service. The department has improved its service delivery to other department of the Council by grouping its services to departments.
- 8.5 The department is now producing rolling 3-year Revenue and Capital Plan Budgets annually. These should assist front-line departments to improve their plans for service delivery.

- 8.6 For the third year in a row the department has assisted in ensuring that actual net revenue expenditure was less than budgeted net revenue expenditure resulting in a surplus accrued.

9 FUTURE DEVELOPMENTS

- 9.1 A working group has been established with Economic Development to progress Asset Management and Development to ensure the Council is maximising the use of its assets. The new system of Capital borrowing, the Prudential Framework will also have an impact on how the Council develops its business plans.
- 9.2 The department has purchased the CIPFA Financial Management software package which has been designed to improve performance within local authorities. The package will be introduced to departments in 2005/06 and an Action Plan prepared to assist continuous improvement.

10 CONSULTATION

- 10.1 The Chief Executive, Depute Chief Executive (Support Services) and Assistant Chief Executive (Community Planning) have been consulted on the contents of this report.

11 BACKGROUND PAPERS

The Finance General Service Plan 2003-2007 – Finance Committee – 12 January 2004

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

20 JULY 2005

SERVICE: FINANCE DEPARTMENT

Performance Indicator	Actual 2003	Actual 2004	Actual 2005	Target 2007
Finance General				
1 <u>Accounting Services</u>				
i Whether the statutory abstract of accounts for the previous financial year was submitted by 30 June	Achieved	Achieved	Achieved	30 June
ii Number of qualifications on the closure of accounts	None	None	None	None
iii Percentage of designated key Finance returns completed within the prescribed timescale	92%	85%	94%	100%
iv General Fund net revenue expenditure and:				
a Percentage net revenue expenditure of budgeted expenditure	-0.3%	-1.8%	-2.4%	+/-1%
b Percentage net revenue expenditure of projected outturn expenditure	-0.7%	-1.8%	-2.5%	+/-1%
c Percentage projected outturn of budgeted expenditure	+0.4%	0%	+0.1%	+/-1%
v Capital expenditure:				
a Percentage of capital expenditure of budgeted expenditure	N/A	-0.6%	+1.6%	+/-5%
b Percentage of capital expenditure of projected outturn expenditure	N/A	+1.7%	+2.2%	+/-5%
c Percentage of projected outturn of budgeted capital expenditure	N/A	-1.0%	-0.5%	+/-5%
vi Setting a budget by the statutory date which did not invoke the First Minister's reserve powers	Achieved	Achieved	Achieved	Achieved
vii Timetable for producing and distributing monthly financial ledgers	Achieved	Achieved	Achieved	Achieved
viii Timetable for monthly revenue and capital monitoring statements	Achieved	Achieved	Achieved	Achieved
ix Completion of final accounts packages by the due date	Achieved	Not Achieved	Achieved	Achieved
2 <u>Internal Audit</u>				
i The cost of audit as a percentage of the Council's total employee costs	0.10%	0.10%	0.09%	0.15%
ii Actual productive hours achieved as a percentage of the productive hours as per Audit Plan	103%	100%	83%	85%

Performance Indicator	Actual 2003	Actual 2004	Actual 2005	Target 2007
3 Insurance and Risk Management				
i Cost of risk by class of insurance expressed as percentage of Council's Revenue Budget (including HRA):				
Employers liability	0.0285%	0.04%	0.07%	0.12%
Public liability	0.078%	0.26%	0.22%	0.35%
Property	0.42%	1.25%	0.65%	0.50%
Motor	0.078%	0.07%	0.08%	0.08%
ii Claims ratio by class of insurance:				
a Number of employers liability claims per FTE number of employees	0.004	0.0033	0.0025	0.003
b Number of public liability claims per head of population	0.005	0.005	0.0046	0.004
c Number of motor claims per number of vehicles	0.53	0.51	0.50	0.50
iii Total risk management budget as a percentage of Council's Revenue Budget (including HRA)	£100,000 0.035	£150,000 0.030%	£150,000 0.030%	£150,000 0.030%
4 Treasury Management Services				
i Average cost of servicing Loans Fund advances in year:				
- Loans Fund interest rate	6.3%	6.05%	6.09%	6.6%
- Loans Fund expenses rate	0.06%	0.07%	0.078%	0.075%
5 Pension Fund Administration				
i Cost per member	£31.04	£27.93	£27.18	£25.90
ii Ratio of staff to membership	1:2047	1:2128	1:2205	1:2120
6 Pension Fund Investment				
i Investment performance annualised three yearly. Investment returns compared to the average pension fund as measured by WM Company	+0.6%	-0.2%	+0.4%	+1%
ii Cost of investment management	0.16%	0.35%	0.33%	0.25%
iii Reporting deadlines	Achieved	Achieved	Achieved	Achieved
iv Review of actuarial services	Achieved	Achieved	N/A	Achieved

Performance Indicator	Actual 2003	Actual 2004	Actual 2005	Target 2007
7 <u>Creditors</u>				
i The number of invoices paid within 30 calendar days as a percentage of all invoices paid	94.5%	95.8%	93.7%	92%
ii The number of local invoices paid within 14 days as a % of all invoices paid to local suppliers	60%	61%	67%	75%
iii Unit cost per creditor invoice paid	£0.70	£0.70	£0.70	£0.70
iv Percentage of permanent suppliers paid by BACS	82%	92%	93%	90%
v Percentage of remittance advices e-mailed to suppliers paid by BACS	8%	11%	20%	50%
8 <u>Salaries and Wages</u>				
i Unit cost per payslip produced	£3.50	£3.60	£3.70	£3.25
ii The number and value of salaries and wages payment made correctly and timeously as a percentage of all salaries and wages payments made	99.8%	99.8%	99.8%	100%
9 <u>Sundry Debtors</u>				
i The cost of collecting sundry debtors per debtor account issued	£4.52	£4.50	£4.56	£5.00
ii Total income collection:				
a The income due from accounts issued during the year	£52m	£52.7m	£55.5m	£50m
b The percentage of (a) that was received during the year	82.8%	84.8%	85%	86%
iii The percentage of debt outstanding:				
Under 30 days old	46%	62%	37%	51%
30-59 days old	5%	10%	26%	12%
60-89 days old	2%	3%	4%	3%
More than 90 days old	47%	25%	33%	34%
iv Number of customers paying by direct debit per annum	1,900	2,500	3,186	2,000