

REPORT TO: SPECIAL FINANCE COMMITTEE - 28 JUNE 2004

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

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 495-2004

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise the Committee of the performance for 2003/2004 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 2003/2004 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 2004/05.

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 2003/2004

- 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 Corporate Finance

Most of Corporate Finance's targets were achieved during the year. In addition and most notably the section produced a 3-Year Revenue Budget Volume for the first time. The section also has a major role to play in Public Performance Reporting with significant developments taking place in publishing a Performance Report, a Performance Pull-out and the Council Tax additional information sheet.

7.3 Internal Audit

The cost of the Internal Audit service as a percentage of the Council's total employee costs was 33% lower than target due to difficulties in attracting qualified staff to fill the two new posts within the structure. Loss of productive audit hours through significant staff absence was offset by a reduction in the planned non-audit work, such as training, being deferred. Internal Audit has also undertaken a Stakeholder Consultation Exercise as part of the Department's EFQM strategy and responses from this regarding the quality of service provided were very favourable.

7.4 Insurance and Risk Management Services

The Risk Management Section is increasingly relied upon by all areas of Dundee City Council, Tayside's Joint Boards and Committees and the general public and private sector to provide loss control, insurance and claims handling assistance. A new three year strategic Risk Management plan has just been approved and the Section will continue to adhere to the Action Plan contained therein. Notable successes in the last financial year have been a 10% reduction in the level of malicious damage in non-Housing property and the introduction of new Safety systems for Lone Workers.

7.5 Treasury Management Services

Loans Fund interest and expenses are broadly comparable with last year and have performed better than anticipated in the budget. These rates are expected to be one of the lowest in Scotland.

7.6 Pension Fund Administration

The cost per member to administer the fund of £27.93 has been reduced by 10% 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 turnaround in work continues to rise as there is a greater turnover of part-time staff. The Pension Section has now changed over to the new Resourcelink payroll system.

7.7 Pension Fund Investment

The Pension Fund return was slightly lower than the average Fund and therefore below target. The Fund has changed its benchmarks for managers and most Funds are moving away from targets based on WM Company which is the traditional performance measure, therefore it is becoming more difficult to assess the value of this indicator. This may be changed in future to agree with individual manager targets.

Investment management expenses have increased as one manager with a significant performance related element incorporated within this fee performed very well. In addition, the more specialised nature of the fund has resulted in higher fees being incurred.

7.8 Payment of Creditors

The Council is continuing to improve the percentage of all suppliers paid within 30 days of the receipt of invoice with performance at 95.8% for the year to 31 March 2004. This is likely to be the best payment rate in Scotland. Significant work has also been undertaken to maintain unit cost per creditor paid at £0.70 which is 30% lower than the original target. This has been achieved through 92% of creditors being paid by bank transfer. Remittance advices are now being e-mailed to more creditors than before.

7.9 Payment of Salaries and Wages

Unit cost per payslip has continued to rise slightly reflecting the continued mainstreaming of the function within the Finance Department. 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 decreased slightly from 2002/03 and 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's Intranet site has now functioned for a full year. Use of the system has increased significantly with approximately 12,000 visits being recorded in the first year. This system has enabled staff to access information on screen eliminating the need to store hard copy documentation for reference purposes.
- 8.3 The department is committed to the Scottish Health at Work initiative with various efforts being made to improve the general health of staff. These efforts were rewarded with the department successfully achieving the Bronze Award. The Silver Award is the next target.
- 8.4 Three Year Revenue and Capital Budgeting has been introduced for the first time. This is a significant undertaking which should assist all the departments of the Council to formulate their long term plans.

9 **FUTURE DEVELOPMENTS**

- 9.1 Most sections of the department have carried out a Customer Survey during the year. The results of these will shortly be evaluated and the potential improvements identified implemented. This should assist the department to improve the quality of its services to stakeholders.
- 9.2 The National Fraud Initiative 2004 will take place towards the end of this calendar year. This initiative is designed to assist the Council prevent and detect fraud. Computer Assisted Audit Techniques will be applied to a number of systems to obtain assurance of data integrity.

- 9.3 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.

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

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23 JUNE 2004

SERVICE: FINANCE DEPARTMENT

Performance Indicator	Actual 2002	Actual 2003	Actual 2004	Target 2007
Finance General				
1 <u>Corporate Finance Provision</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%	92%	85%	100%
iv General Fund net revenue expenditure and:				
a Percentage net revenue expenditure of budgeted expenditure	-0.3%	-0.3%	-1.8%	+/-1%
b Percentage net revenue expenditure of projected outturn expenditure	-0.7%	-0.7%	-1.8%	+/-1%
c Percentage projected outturn of budgeted expenditure	+0.4%	+0.4%	0%	+/-1%
v Capital expenditure:				
a Percentage of capital expenditure of budgeted expenditure	N/A	N/A	-0.6%	+/-5%
b Percentage of capital expenditure of projected outturn expenditure	N/A	N/A	+1.7%	+/-5%
c Percentage of projected outturn of budgeted capital expenditure	N/A	N/A	-1.0%	+/-5%
vi Setting a budget by the statutory date which did not invoke the First Minister's reserve powers	N/A	Achieved	Achieved	Achieved
vii Timetable for producing and distributing monthly financial ledgers	N/A	Achieved	Achieved	Achieved
viii Timetable for monthly revenue and capital monitoring statements	N/A	Achieved	Achieved	Achieved
ix Completion of final accounts packages by the due date	N/A	Achieved	Not Achieved	Achieved
2 <u>Internal Audit</u>				
i The cost of audit as a percentage of the Council's total employee costs	0.12%	0.10%	0.10%	0.15%
ii Actual productive hours achieved as a percentage of the productive hours as per Audit Plan	90%	103%	100%	85%

Performance Indicator	Actual 2002	Actual 2003	Actual 2004	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	0.13%	0.0285%	0.04%	0.12%
Public liability	0.37%	0.078%	0.26%	0.35%
Property	0.67%	0.42%	1.25%	0.50%
Motor	0.11%	0.078%	0.07%	0.08%
ii Claims ratio by class of insurance:				
a Number of employers liability claims per FTE number of employees	0.004	0.004	0.0033	0.003
b Number of public liability claims per head of population	0.005	0.005	0.005	0.004
c Number of motor claims per number of vehicles	0.53	0.53	0.51	0.50
iii Total risk management budget as a percentage of Council's Revenue Budget (including HRA)	£100,000 0.035%	£100,000 0.035	£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%	6.3%	6.05%	6.6%
- Loans Fund expenses rate	0.06%	0.06%	0.07%	0.075%
5 Pension Fund Administration				
i Cost per member	£27.20	£31.04	£27.93	£25.90
ii Ratio of staff to membership	1:2356	1:2047	1:2128	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%	+0.6%	-0.2%	+1%
ii Cost of investment management	N/A	0.16%	0.35%	0.25%
iii Reporting deadlines	N/A	Achieved	Achieved	Achieved
iv Review of actuarial services	N/A	Achieved	Achieved	Achieved

Performance Indicator	Actual 2002	Actual 2003	Actual 2004	Target 2007
7 <u>Creditors</u>				
i The number of invoices paid within 30 calendar days as a percentage of all invoices paid	90%	94.5%	95.8%	92%
ii The number of local invoices paid within 14 days as a % of all invoices paid to local suppliers	N/A	60%	61%	75%
iii Unit cost per creditor invoice paid	£0.70	£0.70	£0.70	£0.70
iv Percentage of permanent suppliers paid by BACS	N/A	82%	92%	90%
v Percentage of remittance advices e-mailed to suppliers paid by BACS	N/A	8%	11%	50%
8 <u>Salaries and Wages</u>				
i Unit cost per payslip produced	£3.42	£3.50	£3.60	£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	99.9%	99.8%	99.8%	100%
9 <u>Sundry Debtors</u>				
i The cost of collecting sundry debtors per debtor account issued	£4.56	£4.52	£4.50	£5.00
ii Total income collection:				
a The income due from accounts issued during the year	£48m	£52m	£52.7m	£50m
b The percentage of (a) that was received during the year	80%	82.8%	84.8%	86%
iii The percentage of debt outstanding:				
Under 30 days old	N/A	46%	62%	51%
30-59 days old	N/A	5%	10%	12%
60-89 days old	N/A	2%	3%	3%
More than 90 days old	N/A	47%	25%	34%
iv Number of customers paying by direct debit per annum	N/A	1,900	2,500	2,000