

REPORT TO: SPECIAL FINANCE COMMITTEE - 25 JUNE 2001

REPORT ON: FINANCE DEPARTMENT SERVICE PLAN 1999-2002 - PERFORMANCE INDICATORS FOR 2000/2001

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 415-2001

1 PURPOSE OF REPORT

1.1 The purpose of this report is to advise the Committee of the performance for 2000/2001 against the performance indicators in the Finance Department Service Plan 1999-2002 approved by the Finance Committee on 8 November 1999.

2 RECOMMENDATIONS

2.1 That the Committee notes the progress in 2000/2001 towards the performance targets set for each service in the Finance Department Service Plan 1999-2002.

3 FINANCIAL IMPLICATIONS

3.1 All initiatives introduced to improve performance will be contained within the Finance Department's Revenue Budget for 2001/02.

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 Department Service Plan 1999-2002 approved by the Finance Committee on 8 November 1999 indicated performance reporting requirements would be met mainly by an annual report to the Finance Committee.

7 PERFORMANCE INFORMATION 2000/2001

7.1 The relevant performance information for each performance indicator identified in the Finance Department 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 Finance Revenues

The Revenues Division is currently progressing a number of initiatives to improve the performance for the range of indicators covering Housing Benefit and Council Tax Benefit, Council Tax collection and Non-Domestic Rates collection, including:

i) Council Tax and Benefits System

A new Council Tax billing and collection system (incorporating Council Tax and Housing Benefit) has been implemented and was operational from November 2000. The implementation of this system will increase the efficiency and effectiveness of the Revenues Division service to the public in the medium/long term.

ii) Electronic Document Management and Workflow System

The advantages of this system will take time to result in a measurable outcome. However, its effectiveness is already being felt at the public office at 6/7 City Square where enquiries from the public can be dealt with in a more timeous and comprehensive manner. This system will realise savings on staff costs, accommodation, storage, paper, furniture and equipment and telephone charges, as well as improving Poll Tax and Council Tax collection levels. The scheme will be extended to the Revenues Division General Filing system in the coming year.

iii) Council Tax Payment to Dundee City Council by Credit/Debit Card by Phone

The Finance Committee, on 12 June 2000, agreed to continue to utilise an external company to provide a phone service for the collection of Council Tax by way of credit/debit card for the period to 31 March 2001. This scheme will continue to reduce the amount of paper being used and improve Council Tax collection performance.

iv) Council Tax and Housing Benefit Information Leaflets

During 2000/2001 the Revenues Division issued new public information leaflets for Council Tax and Housing Benefits and these leaflets received the Crystal Award from the Plain English Campaign.

v) Non-Domestic Rates

This service has been and will continue to be monitored in terms of the Best Value report. New software has been introduced at the start of 2001/02 which will ensure the continued improvement to the services provided.

7.3 Corporate Finance

The Accounting and Financial Advice Services have already been the subject of a best value report and participation in an IPF Scottish Benchmarking Club has enabled access to benchmarking information, quality targets, examples of good practice and accountancy initiatives which are being reviewed in the context of continuous improvement in the Finance Department. Performance indicators at April 2001 were all at or within targets set within the Service Plan. The indicators relevant to General Fund net revenue expenditure are based on the Unaudited 2000/2001 Abstract of Accounts and show a position within the targets set.

7.4 Internal Audit

The cost of the Internal Audit service as a percentage of the authority's total employee costs was 20% lower than target principally as a result of less staff in post than anticipated. This factor also resulted in the number of productive audit hours being less than anticipated. The Internal Audit staffing establishment will be at full strength during the financial year 2001/02. The Internal Audit service is subject to a best value review in the coming year.

7.5 Insurance and Risk Management Services

The Insurance and Risk Management Section has commenced a best value review process and again to assist in this process participation in an IPF Benchmarking Group is currently ongoing for the purpose of identifying relevant benchmarking information to compare performance with other Scottish local authorities and subsequently continuous improvement options. Actual results at April 2001 were at or better than target measures with the exception of the number of employer's liability claims per head of population which has increased.

7.6 Treasury Management Services

The Finance Department has approved a Treasury Management Strategy for 2001/02 authorising the Director of Finance to take decisions on the borrowing and lending strategy that is in the best interests of the Council. The actual Loans Fund rate for 2000/2001 of 6.5% is well below the Service Plan target of 7.5% reflecting a proactive management of the Council's Loan portfolio. The target has therefore been reduced to 6.6%. It is estimated that the saving in Loans fund interest is equivalent to a cash saving of £2.8m in 2000/2001. The Loans Fund expense rate has increased due to bank charges being allocated to the Loans Fund as opposed to the Finance Department.

7.7 Pension Fund Administration

This function has been subject to a best value review which has identified ongoing continuous improvement measures which are currently being implemented. During the period there was a 4% increase in membership which is a trend which is anticipated to continue due to membership of part-time employees and pensioners living longer. Consequently, the target ratio of staff to membership has been revised upwards.

7.8 Pension Fund Investment

This function has also been subject to a best value review which has identified continuous improvement proposals for further consideration by the Superannuation Investment Sub-Committee. The investment performance measure has declined at April 2001 but this is being addressed by a number of initiatives including a restructuring of the Fund and the possible appointment of a global custodian.

7.9 Payment of Creditors

Performance indicators from a review of this function have established that the Council is continuing to improve the percentage of all suppliers paid within 30 days of the receipt of invoice with performance now 91% for the year to 31 March 2001. Significant progress has also been made in reducing unit cost per creditor paid to £0.70 which is 30% lower than the original target. This has been achieved through 90% of creditors being paid by bank transfer and a high volume of remittance advice notes being faxed rather than posted.

7.10 Payment of Salaries and Wages

Throughout the year meetings have taken place with departments to progress continuous improvement proposals for payroll services. Staffing costs have been reduced although these have been offset by the annual pay award. Payroll accuracy remains at a very high level of performance.

7.11 Collection of Sundry Debtor Accounts

This function has recently been subject to a best value review and the Finance Department has joined an IPF Benchmarking Club for the purpose of accessing relevant benchmarking information to compare performance with other Scottish local authorities and subsequent continuous improvement options. The best value review identified a number of continuous improvements for implementation in the coming year.

8 **CONSULTATION**

- 8.1 The Chief Executive, Director of Support Services and Director of Corporate Planning have been consulted on the contents of this report.

9 **BACKGROUND PAPERS**

The Finance Department Service Plan 1999-2002 – Finance Committee – 8 November 1999.

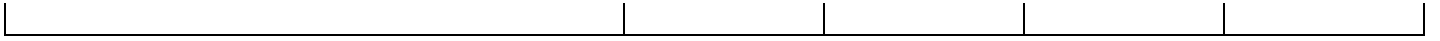
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SERVICE: FINANCE DEPARTMENT

Performance Indicator	Target	Baseline at 1999	Actual April 2001	Target April 2002
Finance Revenues				
1 <u>Housing Benefit and Council Tax Benefit</u>				
i) Gross administration cost per case	£27.09	£27.09	£36.49	£36.80
ii) Percentage of applications processed within 14 days of receipt of the required information by the Council	90%	65%	65%	90%
iii) Average time for processing applications from the date of receipt of the application to the posting of the notification of the outcome	28 days	35 days	35 days	28 days
2 <u>Council Tax Collection</u>				
i) The cost of collecting Council Tax per chargeable dwelling	£13.97	£13.97	£13.39	£14.15
ii) Income due from Council Tax for year (excluding reliefs and rebates)	£37.4m	£34.3m	£37.2m	£37.4m
iii) Percentage of income due from Council Tax that was received during year	90%	87.3%	85.0%	90%
iv) Percentage of income due from Council Tax that was received for the previous five financial years:				
1999/00	92.7%	87.3%	91.8%	93.6%
1998/99	93.6%	91.8%	94.3%	94.7%
1997/98	94.7%	92.7%	94.4%	95.0%
1996/97	N/A	93.0%	94.1%	95.0%
1995/96	N/A	93.6%	94.2%	95.0%
3 <u>Non-Domestic Rates Collection</u>				
i) The cost of collecting non-domestic rates per chargeable property	£39.22	£37.26	£34.07	£37.26
ii) Income due from non-domestic rates for year excluding reliefs	£47.0m	£43.6m	£52.2m	£56.2m
iii) Percentage of income due from non-domestic rates that was received during year	96.6%	94.8%	94.6%	96.6%
iv) Percentage of income due from non-domestic rates that was received for the previous five financial years:				
1999/00	98.0%	94.8%	98.6%	98.9%
1998/99	98.3%	97.5%	98.3%	98.5%
1997/98	98.5%	97.7%	97.8%	98.1%
1996/97	N/A	98.0%	97.8%	98.1%
1995/96	N/A	N/A	98.1%	98.1%

Performance Indicator	Target	Baseline at 1999	Actual April 2001	Target April 2002
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	30 June	Achieved	Achieved	30 June
ii) Cost of completion of closure of Abstract of Accounts	£145,000	£135,000	£120,000	£120,000
iii) Cost of completion of DSO/DLO Accounts	£16,000	£15,000	£14,000	£14,000
iv) Number of qualifications on the closure of accounts	None	1	None	None
v) Did DSO's/DLO meet their statutory requirements	Yes	Yes	Yes	Yes
vi) Percentage of designated key Finance returns completed within the prescribed timescale	100%	86%	92%	100%
vii) Budgeted expenditure within S94 current +/-10% controls	Yes	Achieved	Achieved	Yes
viii) Actual expenditure within S94 current +/-10% controls	Yes	Achieved	Achieved	Yes
ix) Setting a budget by the statutory date which did not invoke the Secretary of State's reserve powers	Yes	Achieved	Achieved	Yes
x) General Fund net revenue expenditure and:	£234.0m	£217.6m	£224.0m	£234.0m
a) Percentage net revenue expenditure of budgeted expenditure	+/-1%	+0.7%	-0.3%	+/-1%
b) Percentage net revenue expenditure of projected outturn expenditure	+/-1%	+0.1%	-0.7%	+/-1%
c) Percentage projected outturn of budgeted expenditure	+/-1%	+0.6%	+0.4%	+/-1%
2 <u>Internal Audit</u>				
i) The cost of audit as a percentage of the Council's total employee costs	0.15%	0.13%	0.12%	0.15%
ii) Actual productive hours achieved as a percentage of the productive hours as per Audit Plan	85%	81%	75%	85%
3 <u>Insurance and Risk Management</u>				
i) Cost of risk by class of insurance expressed as percentage of Council's Revenue Budget (including HRA):				
Employers liability	0.12%	0.13%	0.0285%	0.12%
Public liability	0.35%	0.37%	0.078%	0.35%
Property	0.64%	0.67%	0.42%	0.50%
Motor	0.10%	0.11%	0.078%	0.08%

Performance Indicator	Target	Baseline at 1999	Actual April 2001	Target April 2002
Finance General				
3 <u>Insurance and Risk Management (Contd)</u>				
ii) Claims ratio by class of insurance:				
a) Number of employers liability claims per FTE number of employees	0.0008	0.0009	0.0029	0.003
b) Number of public liability claims per head of population	0.006	0.006	0.0053	0.004
c) Number of motor claims per number of vehicles	0.58	0.61	0.436	0.50
iii) Total risk management budget as a percentage of Council's Revenue Budget (including HRA)	£80,000 0.030%	£75,000 0.030%	£75,000 0.028%	£79,000 0.030%
4 <u>Treasury Management Services</u>				
i) Average cost of servicing Loans Fund advances in year:				
- Loans Fund interest rate	7.5%	7.6%	6.5%	6.6%
- Loans Fund expenses rate	0.05%	0.05%	0.075%	0.075%
5 <u>Pension Fund Administration</u>				
i) Cost per member	£24.00	£24.64	£26.43	£25.90
ii) Ratio of staff to membership	1:2,050	1:2,032	1:2,102	1:2120
6 <u>Pension Fund Investment</u>				
i) Investment performance annualised three yearly. Investment returns compared to the average pension fund as measured by WM Company	+1%	-0.8%	-0.1%	+1%
ii) The percentage of assets to past service liabilities	100%	108.7%	101.7%	101.7%
iii) The current contribution rate expressed as a percentage of the future service rate	100%	89%	82%	94%
7 <u>Creditors</u>				
i) The number of invoices paid within 30 calendar days or the agreed time limit if otherwise specified as a percentage of all invoices paid				
	90%	82%	91%	92%
ii) Unit cost per creditor invoice paid	£1.00	£1.04	£0.70	£0.70
8 <u>Salaries and Wages</u>				
i) Unit cost per payslip produced				
	£3.25	£3.42	£3.45	£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				
	100%	99.9%	99.8%	100%



Performance Indicator	Target	Baseline at 1999	Actual April 2001	Target April 2002
Finance General				
9 <u>Sundry Debtors</u>				
i) The cost of collecting sundry debtors per debtor account issued	£3.75	£3.75	£3.98	£4.25
ii) Total income collection:				
a) The income due from accounts issued during the year	£42m	£39m	£49m	£46m
b) The percentage of a) that was received during the year	86%	83%	77%	86%