

SCRUTINY & AUDIT COMMITTEE – 10 JANUARY 2013

UPDATE ON CREDITORS PAYMENT PERFORMANCE TO SEPTEMBER 2012

REPORT BY THE HEAD OF FINANCE

ABSTRACT

This report updates members on Council wide performance in paying supplier invoices based on data for the second quarter of 2012/13.

1. RECOMMENDATION

1.1 It is recommended that the Committee note the contents of this report for its interest.

2. BACKGROUND

2.1 At its June 2010 meeting the former Scrutiny & Audit Sub Committee agreed that the Director of Corporate Services should provide regular (preferably quarterly) updates on the Council's performance on paying its creditors within a 30 day period. Measurement of this "creditor payment" performance is covered by the Council's statutory performance reporting arrangements and prompt payment is an important issue for many suppliers in the current economic climate.

3. PERFORMANCE FOR QUARTER ENDED SEPTEMBER 2012

3.1 The figures in the table below reflect the number of invoices paid within 30 calendar days of receipt as a % of all invoices paid.

Financial Year 2012/13 (2011/12 figures are in italics)

| Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Full Year |
|-----------|-----------|-----------|-----------|-----------|
| 90.5% | 89.4% | - | - | - |
| 83.3% | 88.0% | 89.7% | 88.3% | 87.3% |

Average for year to date: - 90.0% (85.6%)

3.2 For comparison purposes the full year performance for recent financial years for Angus Council and the Scottish Average was as follows:-

| Financial Year | Angus | Scottish Average |
|----------------|-------|------------------|
| 2007/08 | 80.6% | 86.5% |
| 2008/09 | 76.3% | 86.4% |
| 2009/10 | 83.2% | 88.5% |
| 2010/11 | 83.6% | 89.5% |
| 2011/12 | 87.3% | 90.2% |

3.3 Payment performance in Quarter 1 of 2012/13 shows a continuation of the improvements seen during 2011/12 and is substantially better than the same period for 2011/12. Quarter 2 performance is slightly lower than Quarter 1 but is still close to 90%. A continuation of this performance at or about 90% for the rest of this year should have the Council close to the Scottish average.

4. ISSUES TO NOTE

- 4.1 Each Council department is responsible for processing their own invoices in a timely manner so that the Finance Division can arrange payment. This indicator therefore reflects the performance of all Council departments in authorising invoices for payment within 30 days of invoice receipt.
- 4.2 The Council does not record invoice received date within its systems so the payment within 30 days measure assumes that invoices are received 2 days after the date on the invoice as per Audit Scotland's guidance. It is inevitable that in some cases the period between the invoice date and the date on which the Council received the invoice will be longer than 2 days and this means the Council's performance on invoice payment is likely to be better than the statistics show.
- 4.3 Adjustments have been made in the calculations to remove disputed invoices and invoices which are known to have been subject to a significant delay in the Council receiving them. This only applies to Property Division due to the high volume of invoices and the ability to record invoice received dates on the Archimedes system.

5. RISK ISSUES

- 5.1 There are no specific risk issues related to this report.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications associated with the recommendations in this report.

7. HUMAN RIGHTS IMPLICATIONS

- 7.1 There are no human rights implications arising as a result of this report.

8. EQUALITIES IMPLICATIONS

- 8.1 The issues dealt with in this report have been subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

9. CONSULTATION

- 9.1 The Director of Corporate Services and Head of Law & Administration have been consulted on this report.

10. CONCLUSION

- 10.1 This is an information report in compliance with the Committee wishes for regular monitoring of this activity.

**IAN LORIMER
HEAD OF FINANCE**

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, were relied on to a material extent in preparing the above report.