

## AGENDA ITEM NO 5

REPORT NO 131/14

### SCRUTINY & AUDIT COMMITTEE – 11 MARCH 2014

#### UPDATE ON CREDITORS PAYMENT PERFORMANCE TO DECEMBER 2013

#### REPORT BY THE HEAD OF CORPORATE IMPROVEMENT & FINANCE

#### ABSTRACT

This report updates members on Council wide performance in paying supplier invoices based on data for the third quarter of 2013/14.

#### 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 DECEMBER 2013

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. Figures for the current year and the previous year are shown.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full Year
<b>2013/14</b>	<b>87.5%</b>	<b>85.9%</b>	<b>88.3%</b>		
2012/13	90.5%	89.4%	89.7%	89.3%	89.7%

*Average for year to date: - 87.2% (89.9%)*

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%
2012/13	89.7%	90.5%

3.3 Payment performance across the first 3 Quarters of 2013/14 shows a performance of just over 87%. This is down slightly on the full year performance for 2012/13 but remains higher than in recent years.

#### **4. ISSUES TO NOTE**

- 4.1 Each Council Service is responsible for processing their own invoices in a timely manner so that the Corporate Improvement & Finance Division can arrange payment. This indicator therefore reflects the performance of all Council Services in authorising invoices for payment within 30 days of invoice receipt.
- 4.2 The Council does not record an "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 Services within the Communities Directorate 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 Chief Executive, Strategic Director of Resources and Head of Legal & Democratic Services 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 CORPORATE IMPROVEMENT & 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.

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