

## AGENDA ITEM NO 14

REPORT NO 363/14

### ANGUS COUNCIL

#### SCRUTINY & AUDIT COMMITTEE – 26 AUGUST 2014

#### UPDATE ON CREDITORS PAYMENT PERFORMANCE TO MARCH 2014

#### REPORT BY IAN LORIMER, HEAD OF CORPORATE IMPROVEMENT & FINANCE

### ABSTRACT

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

### 1. RECOMMENDATION

1.1 It is recommended that the Committee consider the contents of this report.

### 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 MARCH 2014

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 2013/14 (2012/13 figures are in italics)*

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full Year
87.5%	85.9%	88.3%	88.2%	87.5%
<i>90.5%</i>	<i>89.4%</i>	<i>89.7%</i>	<i>89.3%</i>	<i>89.7%</i>

*Average for year to date: - 87.5% (89.7%)*

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 all four Quarters of 2013/14 shows a reduction in performance compared to the previous year. Performance is still markedly better than the low of 76.3% in 2008/09 but not as good as the high of 89.7% in 2012/13.

- 3.4 Members of the Committee will be aware that a lean review on creditor payment arrangements is currently underway and it is intended that this will identify opportunities to improve the Council's performance in this area.
- 3.5 A summary of performance for each department is shown in the table below. This is based on the old management structure as work to amend the coding and reporting arrangements within the purchase ledger to reflect the new management structure has still to be undertaken.

#### 2013/14 Performance by Department

Department	Performance
Chief Executive's	81.3%
Education	87.9%
Social Work & Health	93.8%
Corporate Services	80.8%
Neighbourhood Services	87.1%
Infrastructure Services	94.5%
<b>TOTAL</b>	<b>87.5%</b>

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

- 4.1 Each Council department 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 departments 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 invoices processed by Property Services (part of Corporate Services in the Table above) 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.

**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.

**REPORT AUTHOR: Ian Lorimer, Head of Corporate Improvement & Finance**  
**EMAIL DETAILS: [FINANCE@angus.gov.uk](mailto:FINANCE@angus.gov.uk)**