

**The Highland Council**  
**Resources Committee – 26 August 2015**

Agenda Item	<b>23</b>
Report No	<b>RES/ 79/15</b>

**Finance Service - Quarterly Performance Report**

**Report by Director of Finance**

**Summary**

This report provides a summary of key and statutory performance indicators for the Finance Service as at 30 June 2015.

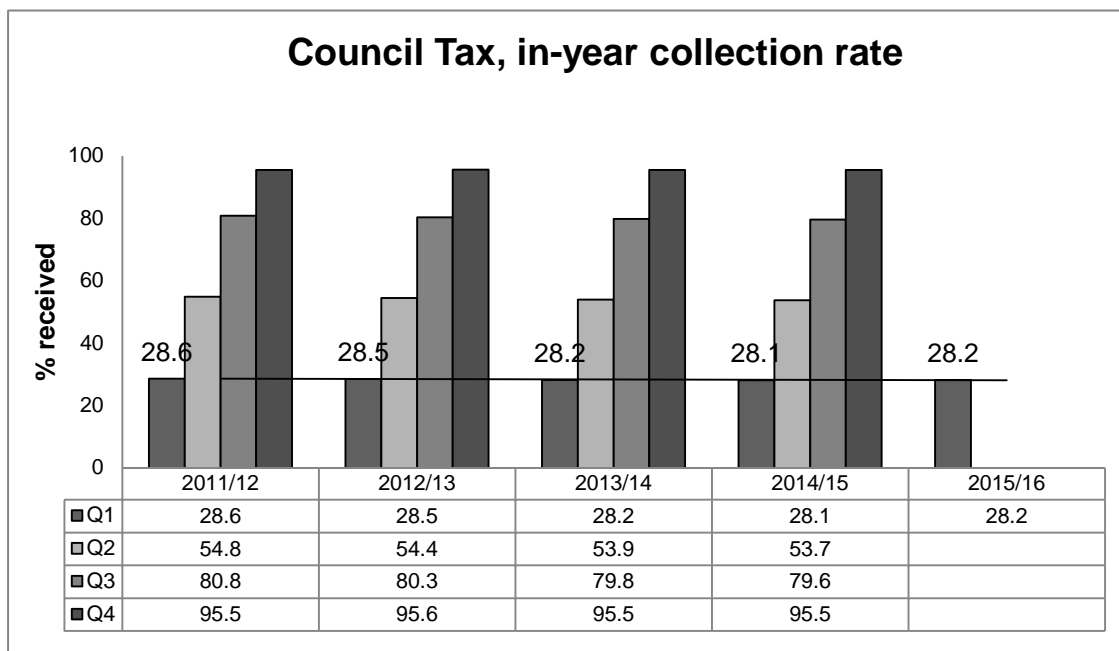
**1. Background**

- 1.1 This report includes performance against the Accounts Commission's Statutory Performance Indicators (SPIs) together with key performance measures for the Finance Service.
- 1.2 Current year figures are compared with those from the corresponding period in the previous financial year where these are available. In addition, figures from previous years are included where appropriate so that trends may be identified.
- 1.3 Where definitions have changed, direct comparisons can only be made within the time period to which that definition has applied.
- 1.4 Reports will continue to be brought to Committee on these performance indicators on a quarterly basis so that trends can be monitored.
- 1.5 A list of the current SPIs for the Finance Service is attached as **Appendix 1**.
- 1.6 Although performance is generally very good across the range of indicators presented within this report, the Finance Service continues to look at unit costs. The Service is undertaking further work in this area as part of the requirement to deliver further efficiency savings.

## 2. Finance Service, Quarterly performance reporting

### 2.1 Council Tax In-Year Collection Rate

#### 2.1.1



2.1.2 Council Tax in-year collection rate has increased on 2014/15 performance to 28.2%. The number of payers spreading payments over 12 months compared to 10 months has increased by 1.4% on prior year; this makes the Quarter 1 performance even more promising given this is the first time in 6 financial years that the quarter 1 position reports an improvement on the prior year. This is mainly attributed to ongoing improvements in business processes and resource management.

2.1.3 Direct debits make up 69.28% of bill payment which represents 76.12% of receipts compared to the prior year position of 68.14% and 75.52%, respectively.

2.1.4 This performance improvement in collections has been delivered despite a decrease in the amount of Council Tax Reduction (CTR) awarded.

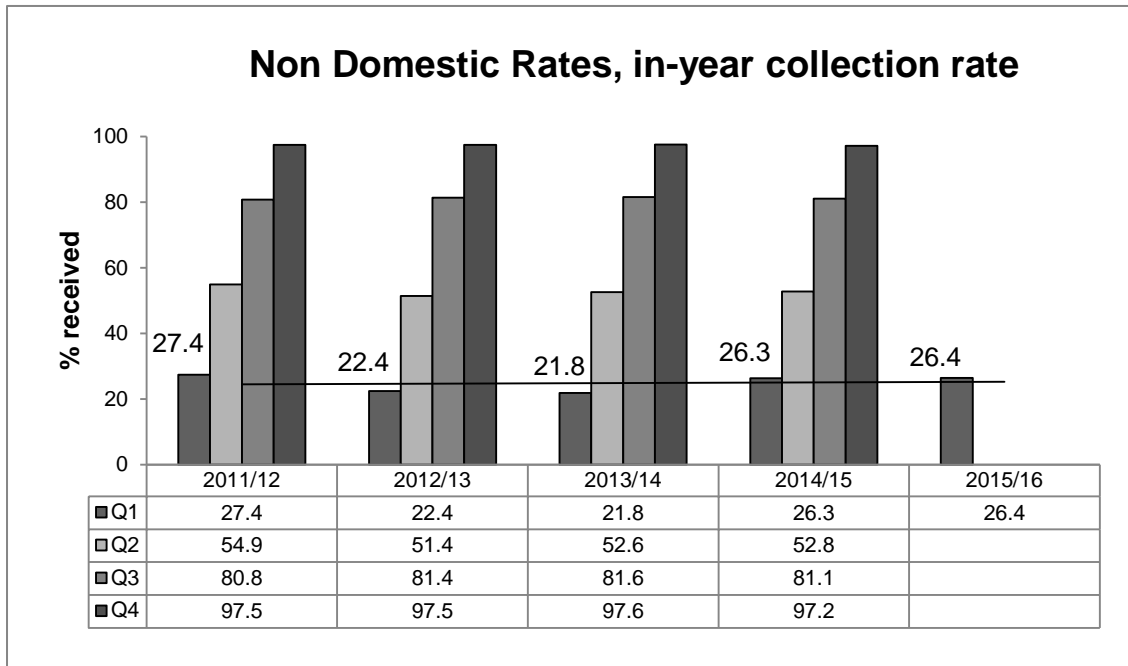
2.1.5 CTR expenditure levels have reduced by nearly 11% since April 13 (when CTR replaced Council Tax Benefit) compared to June 15. Caseloads have reduced by less than 5% over the same period.

2.1.6 Members are reminded that the main reason for this reducing expenditure relates to the way in which DWP has increased benefits and other components used to calculate CTR entitlement. The impact of these measures is therefore to reduce the qualifying amounts on which CTR is calculated.

2.1.7 A decrease in the amount the Council is able to award in CTR does result in higher Council Tax bills for some customers.

## 2.2 Non Domestic Rates in-Year Collection Rate

### 2.2.1



2.2.2 NDR in-year collection rate has increased on 2014/15 performance to 26.4%.

2.2.3 In an attempt to counteract specific methods of payment avoidance the Non Domestic Rates Team have introduced in 2015/16 certain billing and recovery measures allowable under the Non Domestic Rating Legislation:

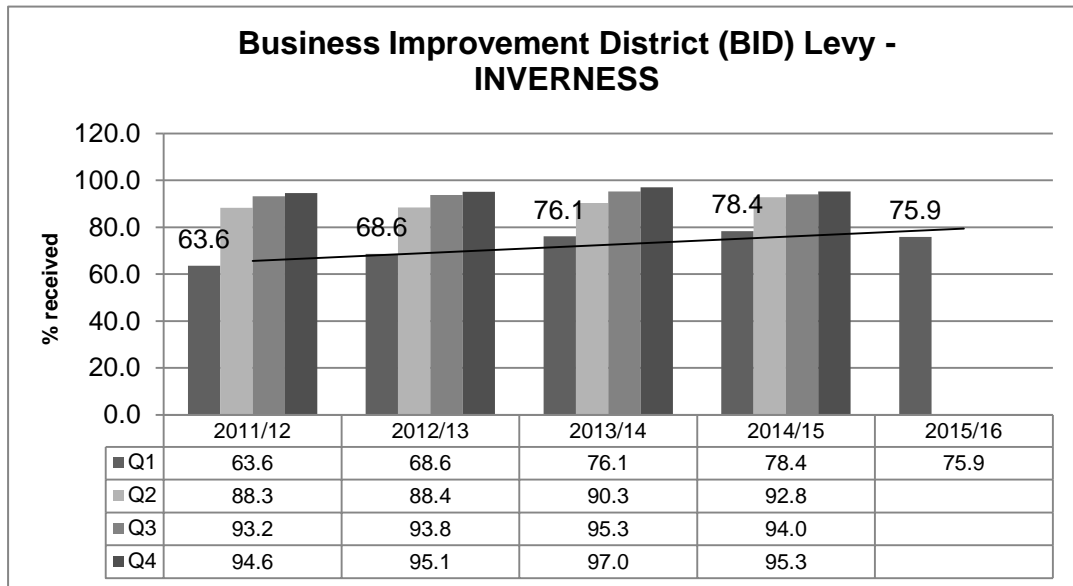
- i. Powers are available to rating authorities to deal with persons leaving the area before the rate is fixed or paid. In cases where the rate poundage has been fixed and the rates levied and demanded in writing have not been paid, the rating authority can apply to the Sheriff for a summary warrant without any previous notice. The Sheriff must grant the warrant if satisfied of the removal or intended removal, or if there is reason to suspect removal.
- ii. The Non Domestic Rates Team have also created a separate recovery profile to be used when dealing with potential phoenix companies which will allow recovery to commence as soon as the debt becomes overdue. Warrants will be applied for and the Sheriff Officers will undertake formal recovery action as soon as legislation allows.
- iii. Powers are available to rating authorities to collect rates from owners rather than the occupier of premises in the case of lets for less than a year. Collection may be compulsory under statutory powers, or on a voluntary basis.

This power has been applied by the Non Domestic Rates Team when dealing with the issue of pop-up shops, where rates were levied against owners rather than the occupier.

- iv. The Non Domestic Rates Team has been in consultation with the area representative for HMRC. HMRC have greater collection powers and powers for gathering company information. They will work with the rating authority to ascertain trading circumstances for businesses which may be trading on a cash only basis.

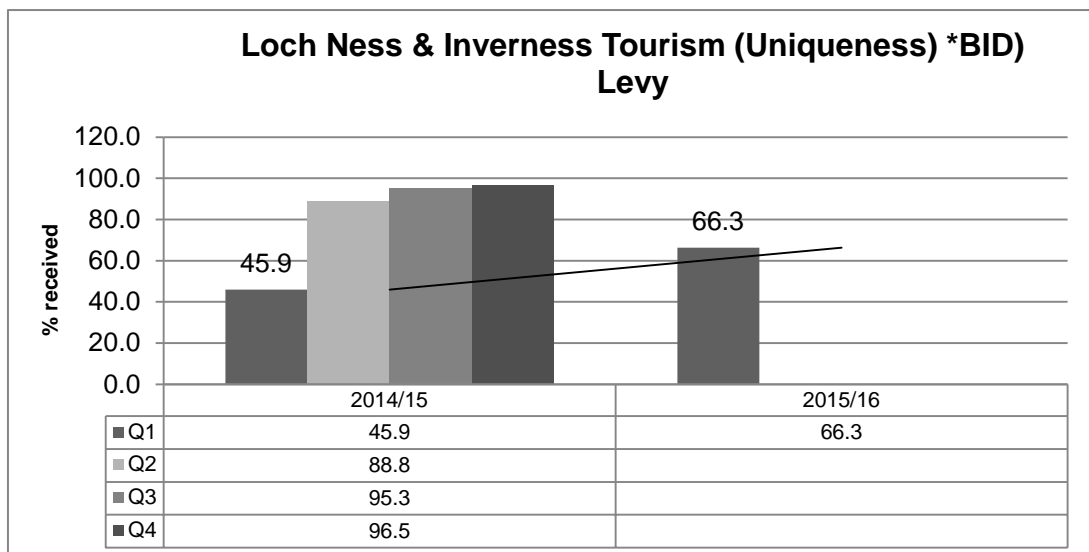
## 2.3 Business Improvement District (BID) Levy

### 2.3.1



2.3.2 This indicator is a measure of how the relevant businesses in Inverness are paying the Business Improvement District levy. Whilst the collection rate for 2015/16 shows a reduction on prior year, the financial figures overall are not significant. Nonetheless, Finance Service staff have met BID management to discuss payment rates and are confident that the prior year performance levels will be delivered.

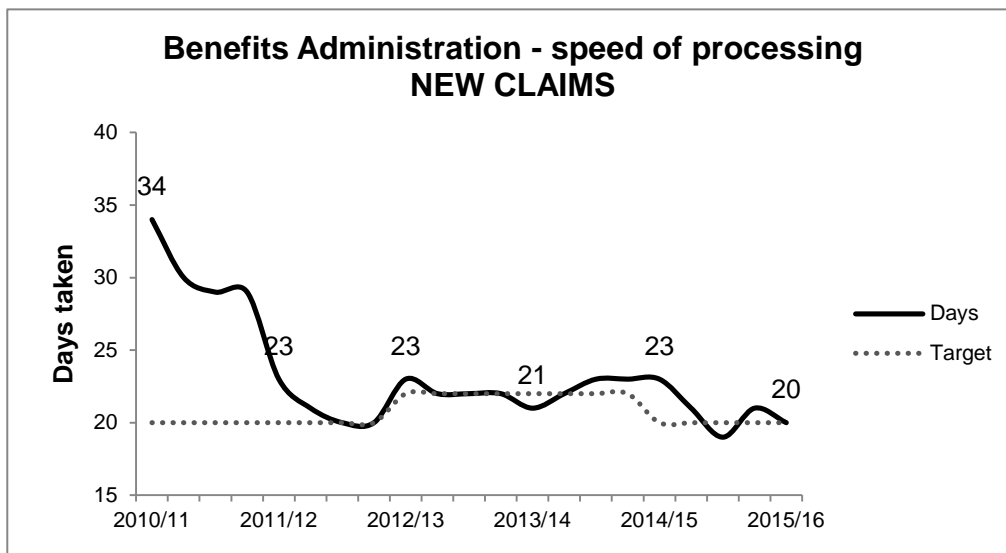
### 2.3.3



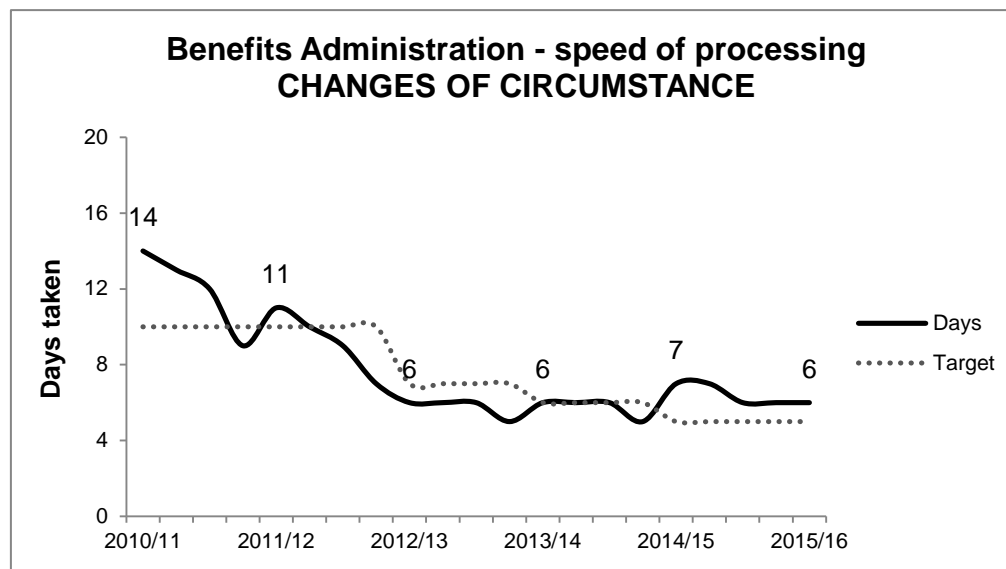
2.3.4 The first bills for the new Loch Ness & Inverness Tourism (Uniqueness) BID were issued on 8 May 2014. The performance on prior year does show a marked improvement, however, this could be misleading as the prior year bills were issued in May 2014, unlike 2015/16 which were issued in April 2015.

## 2.4 Benefits Administration - Speed of processing (days)

2.4.1i



2.4.1.ii



2.4.2 These indicators reflect the Council's ability to process work as quickly as possible to ensure applicants receive their entitlement on time and at the correct rate.

2.4.3 During 2014/15, more challenging targets were set of 20 days for new claims and 5 days for changes in circumstances. For 2015/16, the new claims target has been further reduced to 19 days.

Whilst the new challenging targets set have not yet been met, performance on new claims and change in circumstances processing reports an improvement on prior year.

2.4.5 Over the last 12 months, a range of performance improvement measures have been implemented to increase speed in the processing of new claims and change of circumstances. A recent example has been the implementation of the Automated Transfers to Local Authorities (ATLAS).

2.4.6 Automated Transfers to Local Authorities (ATLAS) is the electronic means by which DWP and HMRC inform Councils on a daily basis of changes in circumstances which may affect customers in receipt of Housing Benefit (HB) and Council Tax Reduction (CTR). This information allows immediate update of Council records, maintaining case integrity and keeping entitlement correct. This in turn reduces under and over payment of HB and CTR, both of which can result in hardship for the claimants concerned.

2.4.7 Led by the Business Development & Support Manager in Revenues & Business Support, we have been able to move away from a manual process to automation for a significant number of reported changes. This new way of working, which went live on 25 May 2015, provides greater efficiency in service delivery.

2.4.8 Of the 5,588 ATLAS changes received during June 2015, 3,187 (57%) were administered automatically with no further intervention necessary. The number of automated entries is expected to increase further over the coming months due of the high level of automation that will apply to Tax Credit renewal claimants.

## 2.5 Customer Income Maximisation

2.5.1

<b>Financial benefit to the customer from advice given (£000)</b>					
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Quarter 1</b>	294	352	353	719	630
<b>Quarter 2</b>	573	659	217	1,100	
<b>Quarter 3</b>	480	347	392	990	
<b>Quarter 4</b>	387	945	673	1,166	
<b>Year to date</b>	<b>1,734</b>	<b>2,304</b>	<b>1,635</b>	<b>3,975</b>	<b>630</b>

2.5.2 Income maximisation continues to support customers and maximising benefits awards. As reported to previous Committees during 2014/15, the process improvements implemented have provided business benefits, including freeing up staff time to help customers. The additional financial gains by

customers reflect these changes in resource management and business processes.

- 2.5.3 154 customers received additional financial gain of £630k. Of this sum £186k relates to back-dated awards. The balance of £444k is the annualised weekly gain. (i.e. the weekly gain multiplied by 52 weeks).

## 2.6 Money Advice

### 2.6.1

Performance	2013/14			2014/15				2015/16
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Customer Contacts	275	264	479	316	347	340	327	<b>284</b>
Total debt presented by clients (£000)	1,358	1,779	2,805	1,271	1,619	1,469	1,609	<b>866</b>
% queries completed with 10 day target (from first contact to initial interview)	98.27	97.01	90.55	95.80	96.32	97.32	98.48	<b>98.80</b>

- 2.6.2 These indicators measure the number of customer contacts and levels of debt dealt with by the Council's Money Advice Team.

- 2.6.3 The % of queries completed in time remains positive at 98.8%. Whilst it is difficult to be clear on the precise reasons for the reduction in debt being presented, increased controls in the availability of credit itself will likely contribute. It is also reasonable to assume that it is a positive reflection of the ongoing efforts by both the in-house teams and other support service providers such as the CAB in working with clients to undertake preventative personal budgeting so unmanageable debt situations are reduced.

## 2.7 TalentLink (Recruitment)

- 2.7.1 Led by the Head of People & Performance, the *TalentLink* online recruitment system, which is owned by CoSLA, was implemented in January 2015. It replaced CoSLA's former online recruitment system the *National Recruitment Portal* (NRP). Both systems enable applicants to apply for positions online, and allow Council Managers to complete the recruitment process electronically.
- 2.7.2 Any applications submitted in paper are processed in the Council's Electronic Processing Centre (EPC). EPC staff digitises and upload any paper submissions to ensure Managers/Lead officers have all applications available via one portal regardless of method of submission.

### 2.7.3

TalentLink	2014/15				2015/16
	Q1	Q2	Q3	Q4	Q1
Number of posts advertised	630	643	387	539	<b>695</b>
Percentage of posts advertised on time	100%	100%	100%	100%	<b>100%</b>
Number (& percentage) of electronic applications	6,440 (97.0%)	5,345 (95.8%)	3,389 (94.8%)	2,127 (93.6%)	<b>4,301 (94.6%)</b>
Number (& percentage) of paper applications	193 (3.0%)	228 (4.3%)	185 (5.2%)	145 (6.4%)	<b>247 (5.4%)</b>
Number of paper applications processed within 2 working days	100%	100%	100%	100%	<b>100%</b>

2.7.4 All posts were advertised on time and all paper applications were processed within two working days.

2.7.5 There has been an increase in the number of posts advertised, the main reason for this being the end of school year recruitment exercise to ensure schools are staffed for the coming year.

2.7.6 The table below details the type of posts advertised.

Position Type	2014/15				2015/16
	Q1	Q2	Q3	Q4	Q1
Full-time	53%	37%	46%	53%	59%
Part-time	47%	63%	54%	47%	41%
Total	100%	100%	100%	100%	100%

## 2.8 Travel Desk

2.8.1 The Travel Desk is the corporate delivery model for the arrangement of business travel and accommodation. The booking process incorporates a number of control measures including the requirement for managers to approve the request prior to the commitment of budget.

Travel Desk	2014/15				2015/16
	Q1	Q2	Q3	Q4	Q1
Number of requests	1,833	1,561	1,502	1,775	<b>1,788</b>
% requests processed in time for travel	100%	100%	100%	100%	<b>100%</b>

2.8.3 The percentage of requests processed in time for travel remains at 100%. Although the number of requests received in Q1 2015/16 show a slight increase compared to Q4, the number of requests are 2.5% lower compared to Q1 2014/15.



## 2.9 Single Grant Applications (SGAs)

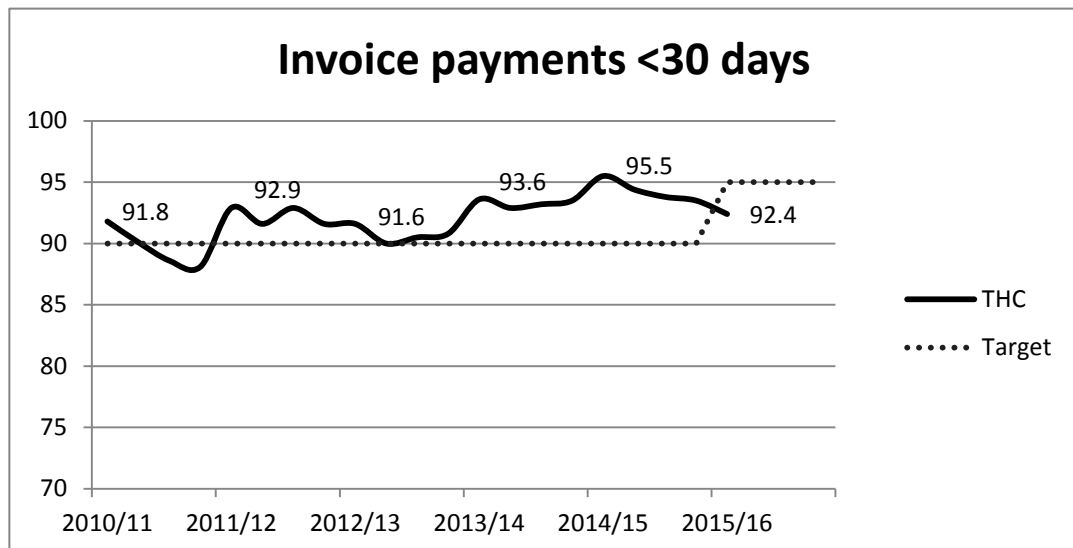
2.9.1 Business Support provides support to a number of Council staff - including Ward Managers – in the administrative process of SGAs. The role is primarily logging SGAs (onto SharePoint), issuing an acknowledgment to customers and distribution of the SGAs to relevant staff.

2.9.2 There were 303 applications handled in Quarter 1 2015/16, with 297 in Quarter 4 2014/15.

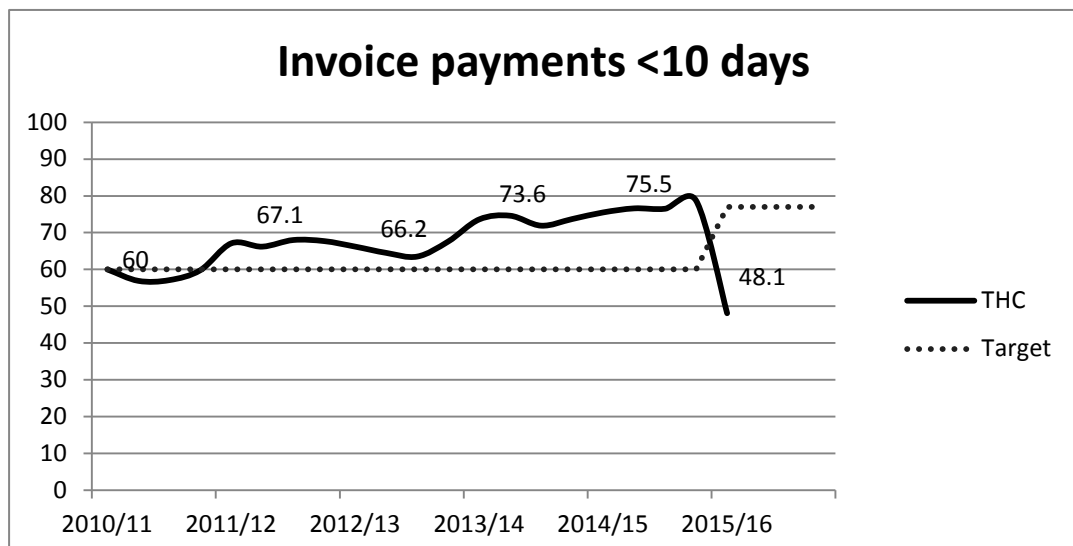
Single Grant Applications	2014/15				2015/16
	Q1	Q2	Q3	Q4	Q1
Percentage logged, acknowledged & distributed within 5 days	97.2%	96.0%	98.8%	99.0%	97.0%

## 2.10 Payment of invoices

2.10.1i



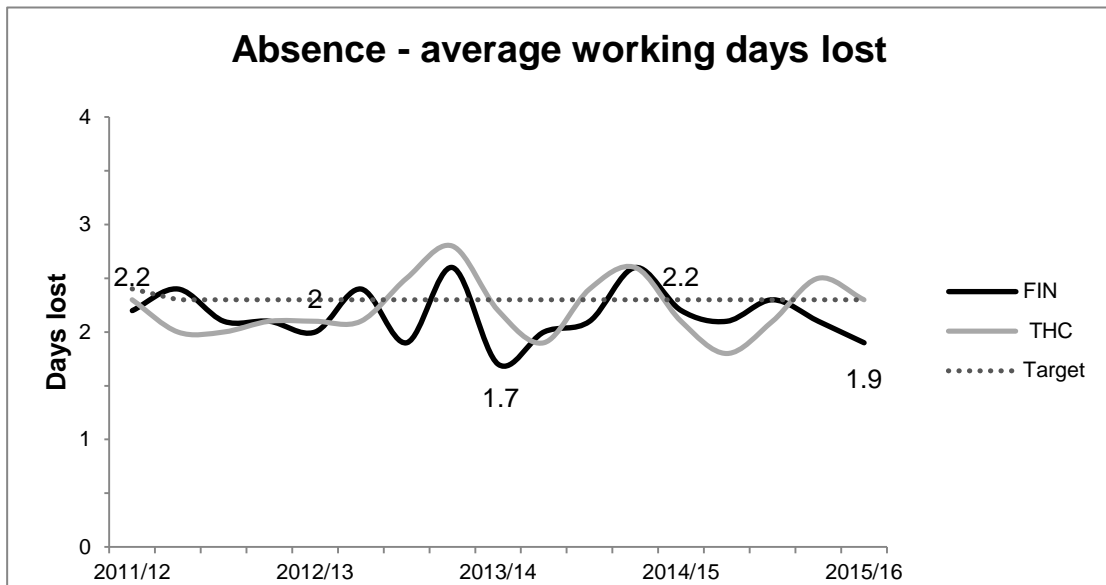
2.10.1ii



- 2.10.2 These indicators measure the efficiency of the Council as a whole in paying invoices. They look at the number of invoices paid within 30 calendar days and 10 days respectively of receipt, as a percentage of all invoices paid. Performance at Service level is detailed in Appendix 2.
- 2.10.3 More challenging targets have been set for 15/16 reflecting the improvements delivered in the payment of invoices over the last 4 years in particular. They are:
- Within 30 days increased to 95% from 90%
  - Within 10 days increased to 77% from 60%
- 2.10.4 The Council implemented a new financial management system in April 2015. This single system replaced 2 IT systems (Oracle and PECOS) and will deliver significant IT savings. This was a significant project and met its critical “go live” date of 1 April 2015.
- 2.10.5 Quarter 1 performance within 30 days reports a reduction on prior year. However, at 93.5%, performance for the month of June 15 was higher than the quarter average. With this positive trend, the Council is aiming to deliver continued improvements in performance.
- 2.10.6 Quarter 1 performance within 10 days reports a material reduction on prior year. Analysis of the data continues to identify opportunities to deliver further improvement.
- 2.10.7 As well as being a new system for users to become more familiar, in order to comply with management responses to earlier audit action points, there have had to be changes to how payments are processed and issued. For example, payments for the Pension Fund are now issued separately. These new ways of working have improved the controls within the system and the information that is generated from the system as required. The frequency of payments being made (payment runs) is also being reviewed. It can be difficult to establish the materiality of each possible contributory factor on performance. However, changes will continue to be made to deliver improvements and there is a commitment by all to deliver.

## 2.11 Attendance Management

### 2.11.1



2.11.2 This indicator shows the average number of days' sickness absence per employee for the quarter. The latest statistics for the Finance Service show a decrease from 2.2 in 2014/15 to 1.9 in 2015/16 for the prior year period, and is also lower than The Highland Council's performance of 2.3 days reported for Q1 in 2015/16. The Finance Service Management Team continues to investigate and implement measures to reduce overall absence figures and ensure it remains below the Council average.

2.11.3 The service aims to keep staff absences as low as possible and follows the Council's personnel policies and guidance, implementing measures such as "return to work" interviews and discussions with staff.

## 3. Implications

3.1 There are no implications arising from this report.

### **Recommendations:**

The Resources Committee is asked to note these statutory and key performance indicators.

Designation: Director of Finance

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Revenues and Business Support

Date: 14 August 2015

## APPENDIX 1

Statutory Performance Indicators	Report ref:	Frequency
The average number of working days per employee lost through sickness absence for: b) All other local government employees	2.11	Quarterly
The gross administration cost per benefits case		Annual
The cost of collecting Council Tax per dwelling		Annual
Current year income from Council Tax: a) The income due from Council Tax for the year, net of relief and rebates <b>b) The percentage of a) that was received during the year</b>	2.1	Quarterly
The number of invoices paid within 30 calendar days of receipt as a percentage of all invoices paid	2.10	Quarterly
The number of invoices paid within 10 calendar days of receipt as a percentage of all invoices paid	2.10	Quarterly
Internal Audit - cost of audit/£1m net expenditure		Annual
Insurance - cost/claim processed		Annual
Creditors - unit cost/creditor invoice issued		Annual
Payroll - cost/payslip produced		Annual
Pensions - cost per member		Annual
Cost of Accounting % Net Rev Budget + HRA		Annual
Cost of completing the Annual Accounts		Annual
Cost NDR collection/chargeable property		Annual
% NDR collected by year end	2.2	Quarterly
Cost sundry debtors/debtors account issued		Annual
% income sundry debtors collected during year		Annual
Cost Corporate Finance % Net Revenue Budget		Annual
Cost Procurement section % Net Revenue Budget		Annual

Other performance measures	Report ref:	Frequency
Processing time benefit – new claims (average days)	2.4	Quarterly
Processing time benefit – change in circs (average days)	2.4	Quarterly
Number of customer contacts	2.6	Quarterly
Total debt presented by clients (£m)	2.6	Quarterly
% Money advice queries completed in time from first contact to initial interview (10days)	2.6	Quarterly
Increase in financial benefit to customers from the advice given	2.5	Quarterly
Business Improvement District (BID) Levy	2.3	Quarterly
Business Support - National Recruitment Portal	2.7	Quarterly
Business Support – Travel Desk	2.8	Quarterly
Business Support – Single Grant Applications	2.9	Quarterly

## APPENDIX 2

Due to Council restructuring, performance data against the new Directorates pre 2014/15 is not available.

INVOICE PAYMENT <10 DAYS					
DIRECTORATE	TARGET	2012/13	2013/14	2014/15	2015/16
		Q1	Q1	Q1	Q1
Care & Learning Service	(60%) 77% from 2015/16			64.0%	<b>46.4%</b>
Chief Executive's Office				73.6%	<b>65.6%</b>
Community Services				85.0%	<b>47.4%</b>
Corporate Development Service				76.0%	<b>62.3%</b>
Development & Infrastructure Service				85.5%	<b>52.6%</b>
Finance Service				76.0%	<b>51.7%</b>
<b>Highland Council</b>		<b>66.2%</b>	<b>73.6%</b>	<b>75.5%</b>	<b>48.1%</b>

INVOICE PAYMENT <30 DAYS					
SERVICE	TARGET	2012/13	2013/14	2014/15	2015/16
		Q1	Q1	Q1	Q1
Care & Learning Service	(90%) 95% from 2015/16			95.2%	<b>92.8%</b>
Chief Executive's Office				94.7%	<b>96.9%</b>
Community Services				96.3%	<b>91.6%</b>
Corporate Development Service				91.1%	<b>94.1%</b>
Development & Infrastructure Service				92.2%	<b>90.9%</b>
Finance Service				99.2%	<b>93.8%</b>
<b>Highland Council</b>		<b>91.6%</b>	<b>93.6%</b>	<b>95.5%</b>	<b>92.4%</b>