

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Corporate & Efficient Governance Committee: 24 June 2009

Subject: Finance Service Performance Indicators

1. Purpose

- 1.1 The purpose of this report is to update Committee on the benchmarking of the Finance function.

2. Background

- 2.1 The Cipfa Scottish Director of Finance Group undertakes an annual benchmarking exercise of finance functions across all Scottish local authorities. The latest publication covers the year ended 31 March 2008
- 2.2 The Corporate & Efficient Government Committee on 17 December 2008 agreed that a report be submitted to a future meeting regarding the council tax cost of collection performance indicator.

3. Main Issues

- 3.1 The latest Cipfa Scottish Director of Finance Group benchmarking report covers the year ended 31 March 2008 and is attached as Appendix 1 to this report.
- 3.2 Reference to this appendix identifies the following performance for the Council:

Function	WDC	Scottish Average	Comments
Sundry Debtors: the proportion of invoices outstanding at 31 March 2008 that were more than 90 days old.	43.5%	34.9%	This indicates that WDC are slower than the Scottish average for collecting sundry debtor accounts
Payment of Invoices: Average value of invoices processed.	£1,207.96	£1,266.63	This attempts to measure the efficiency of processing invoices to suppliers and indicates that the WDC performance is average for Scotland.

Payment of Invoices: Percentage of payments made by electronic means.	75.3%	85.9%	This attempts to measure the efficiency of moving away from payment by cheque to electronic methods of payment. It indicates that the WDC performance is below average for Scotland. This was primarily due to the migration and settling in of the new financial management system. Performance has since improved to 83.1% as at March 2009.
Accountancy: Number of accountants as a ratio of net expenditure.	1:£11.9m	1:£19.6m	This indicator attempts to measure the provision of accountants within councils. WDC is above the Scottish average.
Cost of Accountancy Function per £'000 of net expenditure.	£5.47	£6.59	This indicator attempts to measure the cost of the accountancy function within councils. WDC is below the Scottish average.
Cost of Corporate Accountancy Function per £'000 of net expenditure.	£2.65	£2.95	This indicator attempts to measure the cost of the corporate accountancy function within councils. WDC is below the Scottish average.
Payment of Salaries & Wages: Ratio of payslips to employees.	21.8:1	26.4:1	This indicator attempts to measure the efficiency of councils' payroll processes whereby

			good practice indicates that employees are moved toward monthly payments. This indicates that WDC are performing better than the Scottish average
Total Income Collection: The percentage of council tax due for the last 4 years collected by 31 March 2008.	92.16%	95.51%	This indicates that WDC are slower than the Scottish average for collecting council tax accounts
Treasury Management: Ratio of financing costs to net revenue stream for general fund services.	7.4%	8.2%	This measure attempts to measure the efficiency of the treasury function. This indicates that WDC is performing better than the Scottish average for general fund services.
Treasury Management: Ratio of financing costs to net revenue stream for HRA.	42.8%	23.3%	This measure attempts to measure the efficiency of the treasury function. This indicates that WDC is performing below the Scottish average for HRA

- 3.3** The performance measures are taken on an annual basis and where areas of below average performance are identified, remedial work plans are introduced to improve performance.

Council Tax Cost of Collection

- 3.4** The benchmarking report in respect of council tax collection is attached as Appendix 2. The council tax cost of collection per property for 2007/08 was £16.59 compared to a Scottish average of £14.38. This placed West Dunbartonshire as 23rd out of 32 Councils. The comparable figures for 2006/07 were £7.26 and £14.00 respectively placing West Dunbartonshire as 2nd of the 32 Councils. However it should be noted that within the Scottish average figure, costs ranged from £7.17 to £23.62 for 2007/08 and £7.09 to £25.68 for 2006/07.

- 3.5** In response to the wide variation of reported collection costs, Cipfa commissioned some additional work to provide detail regarding the breakdown of the collection costs.
- 3.6** The detailed benchmarking report is contained in Appendix 2 but the findings can be summarised as follows:

<u>Costs</u> (per property)	<u>West Dunbartonshire</u> £	<u>Average</u> £
Employees	12.28	10.23
Administration	1.16	2.59
Legal Expenses	5.08	3.74
Central Support	18.02	7.99

<u>Income</u> (per property)	<u>West Dunbartonshire</u> £	<u>Average</u> £
Scottish Water Fees	5.45	5.55
Statutory Additions	14.51	5.96

- 3.7** In general, authorities with higher levels of deprivation incur the higher level of costs. This is due to the greater incidence of non payment and a greater need to incur intervention costs associated with the collection of council tax. Glasgow, Inverclyde and West Dunbartonshire were 3 of the top 4 authorities in terms of incurring costs of collection. For West Dunbartonshire, the level of intervention action is also evident in the level of income generated from statutory additions whereby our income is £14.51 per property compared to an average of £5.96.
- 3.8** The major difference in costs arose in the allocation of support costs. The West Dunbartonshire allocation per property was £18.02 compared to an average of £7.99. Further work is being commissioned in this area to identify any variations in practice between authorities e.g. Aberdeen City recharges £2.94 per property.
- 3.9** The movement in West Dunbartonshire collection costs from £7.26 per property in 2006/07 to £16.59 in 2007/08 was largely as a result of the additional expenditures allocated to council tax collection arising from the Council's improvement plan.

4. Personnel Issues

- 4.1** There are no Personnel issues associated with this report.

5. Financial Implications

- 5.1** Poor performance will impact upon service delivery and may lead to higher costs. The benchmarking of activities attempts to identify services where efficiencies can be achieved and performance improved.
- 5.2** The council tax collection costs and incomes are monitored as part of the Council's budgetary control processes. Any overspends in collection costs would have an adverse effect upon the Council's budget.

6. Risk Analysis

- 6.1** The Council's general services budget assumes a yield from council tax. Failure to collect this sum would have an adverse effect upon the Council's budget. Intervention costs will be incurred when collecting council tax and it is necessary to monitor these costs so as to ensure that costs remain within budget and represent best value.

7. Conclusions & Officers' Recommendations

- 7.1** The benchmarking exercise is conducted on an annual basis and workstream reviews are introduced in areas of below average performance. Work plans are developed to address these activities.
- 7.2** The council tax collection costs and incomes are monitored as part of the Council's budgetary control processes. Any overspends in collection costs would have an adverse effect upon the Council's budget. The benchmarking of collection costs is undertaken annually through the Cipfa Scottish Director of Finance Group.
- 7.3** Collection costs appear to be higher in areas of higher deprivation.
- 7.4** Committee is asked to note the benchmarking exercise and the performance of the council tax collection service during 2007/08.

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Date: 8 June 2009

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Appendices:	Appendix 1	Finance Function Benchmarking
	Appendix 2	Council Tax Cost of Collection Benchmarking
Background Papers:	None	
Wards Affected:	All	