

## Performance Report for Finance – October/November 2008

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### Finance and Resources Committee

27 January 2009

#### 1 Purpose of report

- 1.1 This report sets out the performance management information for the Department of Finance for the period October and November 2008.

#### 2 Main report

- 2.1 There are nineteen performance measures, most of which are taken from the 2008/2011 Service Plan, classified under four scorecard themes:
- Customer service – five indicators;
  - Staff development – two indicators;
  - Financial management – five indicators;
  - Business processes – seven indicators.
- 2.2 The Covalent report in Appendix 1<sup>1</sup> provides a description of each indicator, performance for the reporting period, targets, trend information and an explanation of the performance<sup>2</sup>.
- 2.3 Short-term trend arrows are felt to be inappropriate for indicators FBP1 and FBP2 because the system-generated period-on-period comparison does not fully reflect the normal in-year variation in collection rates for Council Tax and NDR. Long-term trend arrows are, however, based on comparison with cumulative performance at the equivalent point in the last financial year.

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<sup>1</sup> Indicators FBP1, FBP2 and FFM05 (Council Tax and NDR income collection rates and Procurement Efficiency Savings) are reported on a two-monthly basis with the cumulative year-to-date performance noted alongside.

<sup>2</sup> Efficiencies are calculated by expressing the actual level achieved to date as a proportion of the profiled target for the measures included within the budget motion.

- 2.4 The performance indicator, FFM05, *Procurement Efficiency Savings*, should also be evaluated against a cumulative total rather than a bi-monthly target. This is because period-on-period savings can differ dramatically, making phased targets difficult to set.
- 2.5 Preliminary data concerning benefits processing times and associated accuracy have now been submitted to the Department for Work and Pensions. Performance is assessed by means of two new DWP-formulated measures, namely the "Right Benefit" and "Right Time" indicators. These indicators supersede the existing indicators FBP12, *Number of Housing/Council Tax Benefit payment reductions achieved*, and FCS04, *Percentage of cases in which the calculation of the amount of benefit due was correct*, which no longer require to be reported to the DWP.
- 2.6 Following analysis of the results, the DWP then reports on authorities' performance on its website. At this stage, notification of the results of this assessment remains outstanding. Once comparative data are available, these will be included in the Department's scorecard and service performance reported to the Finance and Resources Committee.

### **Summary of Performance**

- 2.7 In overall terms, the Department's performance in October/November continued the encouraging trends apparent since the beginning of 2008/09, with the majority of targets met. Some doubts now exist, however, as to the ability to realise full-year targets in respect of Council Tax and benefit fraud prevention.

### **Key analysis**

- 2.8 For those indicators where updated details are available for the October/November period, the Department:
- met or exceeded target for eleven indicators;
  - missed the target, but with performance falling within an acceptable tolerance, for four indicators;
  - missed the target with performance falling outside of acceptable tolerance for two indicators.
- 2.9 As outlined in paragraph 2.7, performance in the October/November reporting period was promising, with around two-thirds of indicators for which details are available meeting or exceeding target. Of particular note was performance in respect of the following:-
- **Numbers of prosecutions for benefit fraud** – a further seventeen prosecutions were reported to the Procurator Fiscal during October and November. As a result, over three times the targeted number of prosecutions for 2008/09 as a whole have already been reported;
  - **Customer care** – both post-audit client satisfaction and customer care correspondence responded to within the time allowed continued to show performance of 100%, although in the case of internal audit this is based on only one completed questionnaire;

- **Lothian Pension Fund relative return** – Fund performance, as measured by the rolling three-year return, outperformed its benchmark in the October/November period;
- **Revenue and capital monitoring and realisation of efficiencies** – all three indicators again reported optimal performance in October and November, although the effect of the economic downturn may place additional demand on the Revenues and Benefits Division's activities in particular;
- **Corporate procurement efficiency savings** – reported sums realised in the October/November period exceeded relevant targets; review of data in this area is on-going;
- **Staff sickness absence** – the Department's six-month headline and short-term absence rates showed further slight falls from the position reported for the period to August/September. While recorded absence in October/November was lower than that in April/May (and hence the six-month rolling rate showed a decrease), after a period of sustained reduction, the two-month figures reflected an increase on the equivalent position for August/September. The position will therefore be the subject of detailed scrutiny to identify any further action necessary to attain relevant full-year targets.

2.10 In the area of **supplier invoice payment within thirty days of receipt**, both in-period and cumulative performance stood at 94%, in excess of Service Plan targets and 2% above the equivalent position in 2007/08 where Edinburgh's full-year performance ranked second-top of Scotland's thirty-two authorities. In view of the current difficulties facing the economy at national level, both the Prime and First Ministers have encouraged all public authorities to expedite supplier payment, particularly to aid the cashflow position of small- to medium-sized enterprises.

2.11 At present, around 40% of invoices by volume and 60% by value are paid within ten days of invoice receipt. This includes priority arrangements for certain types of supplier e.g. care homes' and care providers' invoiced payments, etc. and payments that require to be made immediately. Consideration is being given to possible changes to processes to make earlier payments to small- and medium-sized enterprises but difficulties exist in the identification of these types of organisations.

#### **Indicators missing target but within acceptable tolerance**

2.12 Indicator FBP01, relating to *income due from Council Tax that was collected*, fell short of target in October/November. Cumulative performance for the year stands 2.05% behind the profiled target and 0.32% behind the position at the equivalent point in 2007/08. While a greater amount of outstanding debt has been passed to the Sheriff Officer than at the equivalent point in the last financial year, subsequent collection is requiring more concerted action, with a knock-on effect on the collection rate. Attainment of the full-year target will depend to a large extent upon prevailing economic conditions, although its achievement now looks unlikely.

2.13 As had been the case in August/September, FBP02, *the percentage of income due from Non-Domestic Rates that was collected*, fell short of its period target. It is nonetheless encouraging to note that performance for the year as a whole exceeds, albeit marginally, the full-year target and the equivalent collection rate at this point in 2007/08.

- 2.14 Performance indicator FCS03, *the average time to process new Council Tax and Housing Benefit claims*, was slightly above the in-period target. When analysed on a cumulative basis however, the average processing time narrowly attained the full-year target time of 28 days. This area will be monitored on an on-going basis with a view to maintaining or improving upon the current position.
- 2.15 CS05, *the number of complaints received and responded to within standard time*, fell slightly on the equivalent figure reported in August/September, although almost 95% of all complaints were dealt with within the time allowed. Maintenance of performance at this level was noteworthy given an established seasonal variation in the number of complaints received, with the highest volumes traditionally apparent in the period from October to February.

#### **Indicators missing target outside acceptable tolerance**

- 2.16 Of the Department's three benefit fraud-related indicators, those in respect of *the number of administrative penalties recorded* and *cautions issued* respectively, fell well short of target in October/November. In contrast, as noted in 2.9 above, that relating to *prosecutions reported to the Procurator Fiscal* exceeded target by a considerable margin. In common with other authorities, the volume of referrals received through the Housing Benefit Matching Service, a nation-wide data-matching exercise undertaken in conjunction with partner agencies including the DWP, has reduced considerably relative to previous years. The Department is, however, actively examining a range of other measures to take forward activity in this area. In practical terms, although it is unlikely that full-year targets will now be met with regard to cautions and administrative penalties, performance in respect of prosecutions has nonetheless been noteworthy.

#### **Trends**

- 3.1 Analysis of short-term performance (i.e. a comparison of October/November's performance relative to that in August/September) indicates a mixed picture. Of the fourteen indicators where valid comparisons may be made, five show improvement, five are unchanged (all of which, however, are recording optimal performance) and four indicate deterioration relative to August/September's performance.
- 3.2 Long-term trend information (current performance compared to the equivalent period last year) compares more favourably; analysis indicates that eleven measures showed long-term improvement, two no change and four reflected deterioration relative to performance in October/November 2007. Those indicators where deterioration is apparent are discussed in Paragraphs 2.12 to 2.16 above.
- 3.3 As was emphasised in the previous two reports, while it is important not to generalise solely upon only one period's performance, the longer-term improvement apparent across a wide range of areas is encouraging and will serve as a stimulus to the Department's improvement actions as part of the "Achieving Excellence" initiative.

#### **4 Financial Implications**

- 4.1 There are no additional financial implications resulting from the contents of this report that have not previously been advised as part of the Council's overall revenue monitoring position.

## 5 Environmental Impact

5.1 There are no direct environmental impacts resulting from the contents of this report.

## 6 Conclusions

6.1 The Department's performance in the October/November period was in the main favourable, with the majority of Service Plan targets met and longer-term trends indicating progress across a wide range of the Department's activities.


6.2 While every effort will be made to maximise performance in respect of benefit fraud prevention and Council Tax collection, these areas are susceptible to national trends and as such it is likely that relevant Service Plan targets will not now be met.

6.3 Issues with regard to reporting Departmental performance against the Right Benefit and Right Time indicators are in the process of being resolved and subject to receipt of relevant performance data from the DWP will be included in the February/March report.

## 7 Recommendations

7.1 It is recommended that the Finance and Resources Committee:




















- a) Notes the performance of the Department for the two-month period to 30 November 2008, and
- b) Notes the position outlined in respect of Council Tax collection and benefit fraud prevention and the likelihood that full-year targets in these areas will not now be met.

























  
**Donald McGougan**  
Director of Finance  
15th January 2009

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Appendices	1 – Finance Performance Scorecard, October/November 2 – Finance Improvement Actions Report, October/November
Contact/tel/Email	Alan Keatinge Tel: 0131-469 3152 Email: <a href="mailto:alan.keatinge@edinburgh.gov.uk">alan.keatinge@edinburgh.gov.uk</a>
Wards affected	All
Single Outcome Agreement	Number 15 – Our public services are high quality, continually improving, efficient and responsive to local people's needs
Background Papers	None

## Finance October/November 2008

PI Code	Performance Indicator	Traffic Light Icon	Short Term Trend Arrow	Long Term Trend Arrow	Current Value	Current Target	Latest Notes
FBP01	% of income due from council tax in the year that was received		n/a		17.36%	18.32%	Cumulative performance for the year, at 71.61%, is below the phased target of 73.66%. However the proportion of total income due for the year collected by the end of November was close to the corresponding rate for last year of 71.93%. Further explanation of the position in this area is included in Paragraph 2.12 of the main report.
FBP02	% of income due from non-domestic rates that was received		n/a		21.02%	22.8%	Although performance for October/November period was short of target, cumulative performance for the year to date as a whole is 0.36% ahead of target.
FBP03	% of invoices paid within 30 days				94%	93%	The cumulative figure for the year to date also stands at 94%, in excess of the full-year target and some 2% above the rate at the equivalent point in 2007/08.
FBP09	Number of Prosecutions for Benefit Fraud reported to the Procurator Fiscal				17	1	Actual performance for the year to date now comfortably exceeds the full-year target, with 36 prosecutions reported compared to the annual target of 11.
FBP10	Number of Administrative Penalties in respect of Benefit Fraud recorded				0	17	Penalties issued to the end of November amounted to 22 compared to the phased Service Plan target of 69. Further explanation of the position in this area is included in Paragraph 2.16 of the main report.
FBP11	Number of Cautions in respect of Benefit Fraud recorded				0	7	Cautions issued to the end of November amounted to 23 compared to a phased target of 27. Further explanation of the position in this area is included in Paragraph 2.16 of the main report.
FBP12	Number of Housing/ Council Tax Benefit Payment Reductions Achieved				n/a	n/a	This performance indicator is no longer reported to the DWP, having been superseded by the Right Benefit indicator. Data required by the DWP to calculate this new indicator have now been submitted and notification of the results of this assessment is awaited.

PI Code	Performance Indicator	Traffic Light Icon	Short Term Trend Arrow	Long Term Trend Arrow	Current Value	Current Target	Latest Notes
FCS01	% of customer care correspondence received responded to within standard time of ten days				100%	99%	A total of 95 items of customer care and VIP correspondence were received in October/November, all of which were processed within the standard time allowed.
FCS02	Customer satisfaction: Internal Audit - % of post-audit questionnaires returned that are positive				100%	99%	Three issued, one returned with positive feedback.
FCS03	Average time to process new housing benefit and council tax benefit claims				29.74	28	While the in-period target was narrowly missed, cumulative performance for the year, at 27.99 days, is slightly ahead of the annual target of 28 days.
FCS04	% of cases for which the calculation of the amount of benefit due was correct				n/a	n/a	This performance indicator is no longer reported to the DWP, having been superseded by the Right Benefit indicator. Data required by the DWP to calculate this new indicator have now been submitted and notification of the results of this assessment is awaited.
FCS05	Customer complaints received and responded to within standard time				94.8%	100%	A total of 290 complaints were received in October/November, of which 275 were responded to within the time allowed. The increase in complaint volumes in the most recent period follows past years' seasonal trends, although it was nonetheless encouraging that response times were maintained at the high levels apparent over the past few reporting periods.
FFM01	Lothian Pension Fund annualised 3 year investment return compared with benchmark				2.67%	Relative return in the range -0.5% to +1%	Absolute return over the three years remains positive; relative return is good, reflecting good performance from overall manager structure of fund.
FFM02	Revenue projected outturn for the Finance Department as a % of annual budget				100%	100%	The Department continues to project a balanced position as of Period 7, although a number of risks to the achievement of this outcome remain and these will be closely monitored over the remainder of the year.
FFM03	Capital projected outturn for the Finance Department compared to annual budget				100%	100%	As of Period 7, the Department's capital programme is projected to outturn on budget.

## Appendix 1






PI Code	Performance Indicator	Traffic Light Icon	Short Term Trend Arrow	Long Term Trend Arrow	Current Value	Current Target	Latest Notes
FFM04	Combined Finance Department budgeted efficiencies and savings achieved to date as a % of target				100%	100%	All six of the Department-specific measures included in the budget motion remain on target to be realised in full.
FFM05	Corporate Procurement Efficiency Savings realised		n/a		£1,296,125	£919,456	Review of the basis of calculation of these figures is on-going.
FSD01i	% of days lost due to sickness for chief officers and APT&C employees				4.09%	4.2%	The headline figure for the six months to November 2008 continues the downward trend apparent during the past year, although recent in-month figures show a slight increase relative to the preceding four months. The situation will be kept under review and where appropriate, additional actions will be formulated with a view to maintaining overall sickness absence within target parameters.
FSD01ii	% of days lost due to short-term sickness for chief officers and APT&C employees				2.94%	3.2%	Mirroring improvements in the headline rate, the short-term sickness absence level for the six months to November 2008, at 2.94%, continued the fall apparent since the turn of the year.

PI Status	Long Term Trends	Short Term Trends
This PI is significantly below target.	The value of this PI has improved in the long term.	The value of this PI has improved in the short term.
This PI is slightly below target.	The value of this PI has worsened in the long term.	The value of this PI has worsened in the short term.
This PI is on target.	The value of this PI has not changed in the long term.	The value of this PI has not changed in the short term.
This PI cannot be calculated.		
This PI is a data-only PI.		



## Finance Improvement Actions – October/November 2008

Action Code	Action Title	Description	Status Icon	Start Date	Due Date	Latest Status Update
FBP10 and FBP11	Increase Number of Administrative Penalties/Cautions in respect of benefit fraud recorded	In view of the prioritisation afforded to tackling benefit fraud, the Department's Service Plan has set a full-year target for the recording of 102 such penalties and 40 cautions.			31/03/2009	In common with the nation-wide position, the number of fraud referrals, particularly those received via the Housing Benefit Matching Service, is down significantly on 2007/08. The Department is, however, continuing actively to seek out referrals through other data matching exercises. While this means that neither full-year target is now likely to be attained, it is encouraging nonetheless to note good performance in respect of prosecutions.

Action Status	
	Completed
	Assigned; In Progress
	Unassigned; Check Progress; Not Started
	Overdue
	Cancelled