

## Performance Report for Finance – August/September 2008

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### Finance and Resources Committee

11 November 2008

#### 1 Purpose of report

1.1 This report sets out the performance management information for the Department of Finance for the period August and September 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.

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.

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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.

- 2.5 Due to difficulties being experienced with the relevant software, data in respect of the newly-introduced DWP “Right Time” and “Right Benefit” indicators are similarly not yet available. It is intended that these indicators will 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.

### Summary of Performance

- 2.6 In overall terms, performance in August/September maintained the encouraging signs apparent in the June/July report, with the majority of period targets met. Progress was also evident in those indicators not meeting targets in the June/July reporting period.

### Key analysis

- 2.7 For those indicators where updated details are available for the August/September period, the Department:
- met or exceeded target for thirteen indicators;
  - missed the target, but with performance falling within an acceptable tolerance, for three indicators;
  - missed the target with performance falling outside of acceptable tolerance for one indicator.
- 2.8 As outlined in paragraph 2.6, performance in the August/September reporting period was promising, with over three-quarters of indicators for which details are available meeting or exceeding target and notable improvement apparent in those areas where performance remained below target level but within an acceptable tolerance. Of particular note was performance in respect of the following:-
- **Supplier invoice payment** – the bi-monthly figure of 93.7%, while slightly reduced from June/July’s equivalent performance, remained above target;
  - **Numbers of prosecutions for benefit fraud** – a further ten prosecutions were reported to the Procurator Fiscal during August and September, meaning that the full-year target of eleven has already been comfortably exceeded only halfway through the year;
  - **Customer care** – both post-audit client satisfaction and customer care correspondence responded to within the allowed time continued to show performance of 100%;
  - **Average processing time for new Housing and Council Tax Benefit claims** – performance in August/September showed a marked improvement on the previous two months’ comparative figure;
  - **Lothian Pension Fund relative return** – Fund performance, as measured by its rolling three-year return, continued to outperform its benchmark in the August/September period;

- **Procurement benefits realisation** – benefits realised to the end of September, at £2.5m, are considerably in excess of phased Service Plan targets;
- **Revenue and capital monitoring and realisation of efficiencies** – all three indicators again reported optimal performance in August and September.

2.9 One of the most pleasing aspects of performance in the August/September period was the continuing reduction in the Department's reported sickness absence rate. The headline figure for the six months to September was 4.11%, comparing favourably to the Service Plan target for the year of 4.2%. The figure for short-term sickness also fell within the Department's target range for the year. As the remaining months of the year traditionally exhibit slightly higher levels of sickness absence, however, on-going and concerted action will be required to allow the full-year target to be met and contribute towards attainment of Council-wide objectives in this area.

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

- 2.10 Indicator FBP1, relating to *income due from Council Tax that was collected*, again fell marginally short of target. This continues to reflect, at least in part, the on-going collection of additional sums identified as part of the review of Single Person Discount carried out in the latter half of 2007/2008. In cumulative terms, the percentage of Council Tax collected to date, at 54.25%, is 1.09% behind the profiled target but marginally above the equivalent figure for 2006/2007. Given the Council's current financial position, it is imperative that efforts be redoubled to maximise the sums collected; to this end, a range of options is being considered to effect performance improvements.
- 2.11 FBP02, *the percentage of income due from Non-Domestic Rates that was collected*, fell short of its period target. This was largely attributable, however, to performance in excess of target over the period from April to July, to the extent that cumulative sums collected remain 2.29% above the target for the year to date.
- 2.12 CS05, *the number of complaints received and responded to within standard time*, once again continued the improving trend apparent in previous periods' reports. Over 96% of complaints received were responded to within the prescribed timescale, with notable improvements particularly in areas where performance had previously been considerably below the Department-wide average. It was encouraging to note that the absolute volume of complaints received in the period, at 209, also continued an improving downward trend. This level of sustained improvement augurs well for further progress in striving towards the Department's ultimate aim of dealing with all such complaints within ten working days.

#### **Indicator missing target outside acceptable tolerance**

- 2.13 One indicator, FBP10, *the number of administrative penalties in respect of Benefit Fraud* that was recorded, did not meet target in the period, with performance further falling outside acceptable tolerance. While this was disappointing, it needs to be seen in the context of favourable performance in

related indicators FBP09, *number of prosecutions reported to the Procurator Fiscal*, and FBP11, *number of cautions in respect of benefit fraud*.

## **Trends**

- 3.1 In common with the comparison of absolute performance against target, analysis of the short-term (period-on-period) performance indicates an encouraging trend. Six of the fourteen comparable indicators improved, six (five of which are reporting optimal performance) showed no change and only two (*percentage of invoices paid within thirty days* and *Lothian Pension Fund relative investment return*) reflected a slight deterioration in performance although both remained within target parameters.
- 3.2 Long-term trend information (current performance compared to the equivalent period last year) also compares very favourably; analysis indicates that fourteen measures showed long-term improvement with the remaining three remaining stable. Two of those indicators exhibiting no change over the longer-term are reporting optimal performance.
- 3.3 As was emphasised in the June/July report, while it is important not to generalise solely upon the past four months' performance, the extent of this progress and the continuing upward trends serve as a stimulus to build upon the process-, customer service- and staff wellbeing-related improvements evident in these figures.

## **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 August/September period built upon the improvements apparent in the June/July period, with the majority of targets again met and progress also evident in the remaining indicators. Both short- and long-term trends were similarly favourable.
- 6.2 Further action will be required, however, in the areas of Council Tax collection, complaints processing and the recording of administrative penalties in respect of benefit fraud if demanding Service Plan targets in these areas are to be met.
- 6.3 Issues with regard to the assembly of relevant data to assess performance against the Right Benefit and Right Time indicators also require to be resolved as a matter of urgency to retain the balance of the Department's scorecard and provide a more complete picture of departmental performance.

## 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 September 2008, and
- b) Agrees the proposed action to be taken to improve performance.

  
**Donald McGougan**  
Director of Finance  
31st October 2008

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Appendices	1 – Finance Performance Scorecard, August/September 2 – Finance Improvement Actions Report, August/September
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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 August/September 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		17.55%	17.65%	Cumulative performance for the year, at 54.25%, is marginally below the phased target of 55.34%. The proportion of total income due for the year collected by the end of September was, however, 0.06% above the corresponding rate at the equivalent point in 2007/2008.
FBP02	% of income due from non-domestic rates that was received		n/a		23.56%	24.72%	Although performance for the August/September period fell marginally short of target, cumulative performance for the year to date is 2.27% above the phased target and comparable to that in 2007/2008.
FBP03	% of invoices paid within 30 days (in-period figure)				93.7%	93%	The cumulative rate for the year to date is 94.0%; both this and the in-period performance exceed the full-year target and consolidate the improvement on last year's performance apparent in previous reports in 2008/2009.
FBP09	Number of Prosecutions for Benefit Fraud reported to the Procurator Fiscal				10	2	Cumulative performance for the year-to-date now also comfortably exceeds the full-year target, with 19 prosecutions reported compared to the annual target of 11.
FBP10	Number of Administrative Penalties in respect of Benefit Fraud recorded				7	17	Penalties issued to the end of September amounted to 22 compared to the phased Service Plan target of 51.
FBP11	Number of Cautions in respect of Benefit Fraud recorded				11	7	Cautions issued to the end of September amounted to 25 compared to a phased target of 20.
FBP12	Number of Housing/ Council Tax Benefit Payment Reductions Achieved				N/A	2,601	This performance indicator is no longer reported to the DWP, having been superseded by the Right Benefit indicator. The validity of data in respect of this new indicator is currently being verified.

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 109 items of customer care and VIP correspondence were received in August/September, 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%	Of the six questionnaires issued in the August/September period, five were returned, all with positive feedback.
FCS03	Average time to process new housing benefit and council tax benefit claims				22.25	28	Performance in August/September showed a marked improvement on the preceding two month-period.
FCS04	% of cases for which the calculation of the amount of benefit due was correct				n/a	99.6%	Performance in respect of this indicator no longer requires to be reported to the DWP. Accurate maintenance of the Benefit Caseload will now be measured by the DWP's Right Benefit Indicator. The validity of data in respect of this new indicator is currently being verified.
FCS05	Customer complaints received and responded to within standard time				96.2%	100%	A total of 209 complaints were received during August/September, of which 201 were responded to within the time allowed. The percentage responded to within standard time continued the period-on-period improvement apparent since September 2007, with the number of complaints received also steadily decreasing in recent months.
FFM01	Lothian Pension Fund annualised 3 year investment return compared with benchmark				0.8%	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 is projecting a balanced position as of Period 5, although a number of risks, including assumptions on staff turnover and realisation of savings associated with structural reviews, have been identified.
FFM03	Capital projected outturn for the Finance Department compared to annual budget				100%	100%	A balanced position is forecast as of Period 5.
FFM04	Combined 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 are currently on target to be realised in full.

PI Code	Performance Indicator	Traffic Light Icon	Short Term Trend Arrow	Long Term Trend Arrow	Current Value	Current Target	Latest Notes
FFM05	Procurement Efficiency Savings (Council-wide)		n/a		£980,164	£612,971	Cumulative savings for the year to the end of September amount to £2.5 million compared to a target of £1.4 million for the same period. Review of these figures is on-going.
FSD01i	% of days lost due to sickness for chief officers and APT&C employees				4.11%	4.2%	The headline figure for the six months to September 2008 continues the improving trend apparent since January 2008, allowing the Department's Service Plan target to be met for the first half of the year. While highly encouraging, on-going and concerted action will still be required, however, to maintain this level and allow the full-year target to be met.
FSD01ii	% of days lost due to short-term sickness for chief officers and APT&C employees				3.03%	3.2%	Mirroring improvements in the headline rate, the short-term sickness absence level for the six months to September 2008, at 3.03%, continuing 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 – August/September 2008

Action Code	Action Title	Description	Status Icon	Start Date	Due Date	Latest Status Update
FBP10	Increase Number of Administrative Penalties 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.			31/03/2009	A review of work in progress and in particular cases booked in for sanction delivery shows that the numbers delivered should be back on target by the end of the year. It is encouraging to note that cumulative targets have been achieved in both of the Department's other Benefit Fraud-related indicators.

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