

Prompt Payment Statistics	18/06/2019
Corporate, Policy and Resources Committee – For information	

Linkage to Council Strategy (2015-19)	
Strategic Theme	Innovation and Transformation
Outcome	The Council will continuously examine and introduce ways to provide services in more accessible and efficient ways
Lead Officer	Chief Finance Officer
Cost: (If applicable)	Performance improvement target

1.1 Background

Department for communities (DfC) requires Council to record and publish statistics regarding the payment of supplier invoices with specific reference to two distinct measures namely invoices paid within 10 working days and invoices paid within 30 calendar days.

1.2 Detail

These figures are published on a quarterly basis by DfC with Councils required to do likewise. The purpose of the statistics is to encourage Councils to support businesses especially those local and/or small businesses for whom cash flow is of vital importance to their continued survival. In addition as part of Council's performance improvement plan for this year the payment of our suppliers has been identified as one of the performance improvement objectives with a target of 90% of suppliers being paid within 30 calendar days. The tables below detail Council's performance since April 2017 the latest data for the early part of quarter 1 of 2019/20 being up to and including early end of May 2019. Q1 performance has deteriorated from previous figures which is extremely disappointing.

1.3 Analysis

Members had requested that some analysis be carried out with regards the contributing factors to the decline in performance and these factors are listed below:

- Purchase orders being reserved, numbers being provided to suppliers but not being raised on the system until after the invoice is received – Finance are receiving invoices with order numbers quoted which are not on the finance system therefore they are being sent to the wrong departments/areas for approval. Reserved purchase orders can also be used by other departments throughout Council which results in new order numbers needing to be provided to suppliers.
- Purchase orders being raised to the wrong suppliers – ensure name and address of supplier is correct and if unsure check with Accounts Payable.
- Purchase orders not being delivered before the invoice is sent back to Accounts for payment.
- Purchase orders not being signed.
- Invoices being returned to Accounts for payment with no allocation codes.
- Invoices being returned to Accounts for payment with the incorrect allocation codes – all staff were informed of the changes to the location codes but some continue to use old codes.
- Invoices being returned to Accounts for payment but not authorised correctly – e.g. Invoice with expenditure of over £1k net needs to be sent to the Head Of Service for approval, over £5k net needs to be sent to the Director for approval - before being sent to Accounts.
- If there is an issue with an invoice it needs to be dealt with by the Department/Officer/Manager, e.g. contact the supplier to discuss the problem, request an amended invoice or credit note if necessary and then send it back to Finance once ready to pay.
- Some managers are sitting on invoices for weeks, these need to be dealt with promptly especially given the postal system between the offices. Example - for a payment run on 24th April we received an accordion folder along with internal post envelopes from one manager containing approximately 7 weeks of invoices.
- No cover is provided – if some-one is on annual leave/sick the work sits on that desk until they come back into the office again.
- Supplier accounts have been placed on hold due to invoices not being dealt with and the Accounts staff have to deal with these suppliers, search for the invoices and request that they be approved for payment – 99% of the time this happens there have been no issues with the invoice, it simply hasn't been actioned.

Communication has been sent to Directors and Heads of Service highlighting the various issues addressed above and stressing the importance of their being addressed, continuation of these practices will negate any progress made on systems.

1.4 Improvement Actions

Whilst the recent drop performance in comparison to previous periods is unwelcome council officers continue to seek improvements to overcome these difficulties and ultimately improve the performance. As previously reported finance staff are continuing with the setting up of electronic systems which will remove the need to have invoices transported around all of our offices for verification and authorisation. The electronic system will produce significant improvements in the payment figures.

Prompt Payment Statistics 2017/2018

	Q1	Q2	Q3	Q4	Total
Total No of Invoices	5204	7475	6424	9383	28486
Total amount paid	£ 7,361,588	£ 11,484,968	£ 9,477,430	£ 15,933,863	£ 44,257,849
Number of invoices paid within 10 days	1332	2503	2765	5364	11964
% of invoices paid within 10 days	25.60%	33.48%	43.04%	57.17%	42.00%
Number of invoices paid within 30 days	3943	5845	5507	8135	23430
% of invoices paid within 30 days	75.77%	78.19%	85.73%	86.70%	82.25%
Number of invoices paid outside 30 days	1261	1630	917	1248	5056
% of invoices paid outside 30 days	24.23%	21.81%	14.27%	13.30%	17.75%
No. of Disputed Invoices	9	7	2	84	102
Average Payment Days	24.78	24.47	20.43	21.33	22.58

Prompt Payment Statistics 2018/2019

	Q1	Q2	Q3	Q4	Total
Total No of Invoices	4785	8355	7245	9823	30208
Total amount paid	£ 6,610,672	£ 13,234,217	£ 11,722,216	£ 18,675,670	£ 50,242,775
Number of invoices paid within 10 days	2222	3629	2567	4406	12824
% of invoices paid within 10 days	46.44%	43.44%	35.43%	44.85%	42.45%
Number of invoices paid within 30 days	4330	6845	5992	7679	24846
% of invoices paid within 30 days	90.49%	81.93%	82.71%	78.17%	82.25%
Number of invoices paid outside 30 days	455	1510	1253	2144	5362
% of invoices paid outside 30 days	9.51%	18.07%	17.29%	21.83%	17.75%
No. of Disputed Invoices	2	14	22	88	126
Average Payment Days	19.24	23.45	31.17	23	24.49

Prompt Payment Statistics 2019/2020

	Q1*	Q2	Q3	Q4	Total
Total No of Invoices	2729				2729
Total amount paid					£ -
Number of invoices paid within 10 days	726				726
% of invoices paid within 10 days	26.60%	#DIV/0!	#DIV/0!	#DIV/0!	26.60%
Number of invoices paid within 30 days	2120				2120
% of invoices paid within 30 days	77.68%	#DIV/0!	#DIV/0!	#DIV/0!	77.68%
Number of invoices paid outside 30 days	609	0	0	0	609
% of invoices paid outside 30 days	22.32%	#DIV/0!	#DIV/0!	#DIV/0!	22.32%
No. of Disputed Invoices	12				12
Average Payment Days	23.92	#DIV/0!	#DIV/0!	#DIV/0!	-18.24

* Incomplete period