

To: POLICY AND RESOURCES (FINANCE) SUB-COMMITTEE		Subject: DEPARTMENT OF FINANCE PERFORMANCE MONITORING REPORT – PERIOD 1 <sup>st</sup> October to 31 <sup>st</sup> December 2004
From: DIRECTOR OF FINANCE		
Date: 14 <sup>th</sup> January 2005	Ref: SW/JMCK	

## 1. **Introduction**

- 1.1. The purpose of this report is to advise Committee of current performance against a selection of key performance indicators across the Finance Department for the period 1<sup>st</sup> October to 31<sup>st</sup> December 2004.
- 1.2. Several important changes have been made to improve this report for 2004/05. These are explained in the following paragraphs.
- 1.3. As part of the Council's three-year service improvement and financial planning process, departments produced comprehensive service improvement documents covering all aspects of their operations and resources. The service improvement plan details departmental key actions, service developments and arrangements for performance monitoring and improvement actions.
- 1.4. The performance monitoring report for 2004/05 integrates more closely with the service improvement plan. As part of the performance management framework detailed in the service plan, departmental performance standards will continue to be reported quarterly. Performance areas included in this report mirror those areas set out in the service plan.
- 1.5. Integrating reporting in this way further strengthens the overall corporate approach the Council has taken in targeting and achieving objectives through the three-year planning process.

## 2. **Background**

- 2.1 Performance measurement and the use of Key Performance Indicators are recognised as important tools in reviewing progress against defined standards and targets. Using the key actions within the service improvement plan, performance measures have been established which aim to report on progress in meeting these actions. Also included within the performance measures are the nationally agreed KPI's which are used to measure performance across all Scottish authorities.
- 2.2 A total of 16 performance areas are included in the report covering the priority actions for the department. The divisions of Accounting Services, Revenues, IT and Internal Audit are included each with respective indicators for key performance areas.
- 2.3 It is also important to note that due to the changing demands in delivering a modern public service and to meet the needs of stakeholders, performance measurement requirements must be frequently reviewed and indicators kept up to date. Any recommendation for changes to indicators will be highlighted in future reports.

### 3. Consideration of Indicators

#### 3.1 Accounting Services

Six key performance areas, detailed in the service improvement plan for 2003-06, will be used to report on performance during the year. These areas are analysed over paragraphs 3.1.1 to 3.1.6.

##### 3.1.1 (1) **Financial Controls & Reporting**

Sound Financial Management and prudent administration of the Council's financial affairs are key strategic issues for the Council. It is essential that control mechanisms exist to ensure that operational objectives funded through revenue expenditure and capital investment are met in the most economic, efficient and effective way.

Firstly, considering the revenue budget performance, at the end of period 9 up to 10<sup>th</sup> December 2004, an actual underspend of £1,469,000 was realised which is equivalent to a budget deviation of 0.38%. Projected figures to the 31<sup>st</sup> March 2005 currently anticipate a surplus of £357,000 or 0.07% of the overall net budget of £538million. This surplus is largely attributed to slippages within Community Care Development Budgets, projected underspends in other departments, partly offset by increased costs within the Housing and Property Department. Appropriate action will be taken during the remainder of the year to minimise any unplanned deviation from budget. *Detailed figures at Appendix 1-A*

Following adjustment of the Capital Investment programme – adjustments for identified carry forward from 2003/04 and slippage and acceleration in the current year- the total capital investment programme for 2004/05 stands at £67.450m. Actual expenditure to the end of period 9 is £26.741m or 37.96% of the current programme. Actual investment commitments for the period are £54.550m or 77.43% of the programme. There is a projected underspend of £2.230m at the year end, but the programme will continue to be monitored closely by individual departments and both the Capital Planning and Monitoring Groups. *Detailed figures at appendix 1-B*

##### 3.1.2 (2) **Budget Planning**

In December, the Council obtained details of the grant that it will receive from the Scottish Executive for the three years 2005/06 to 2007/08. This, together with further announcements, forms a key part of the Council's financial planning strategy for the next three years.

During quarter 3, work has continued on the preparation of the Council's budget for the 2005/06 and outline budgets for 2006/07 and 2007/08. Departmental budgets have been compiled to be presented to service committees along with Service Improvement Plans in January. The budget and the council tax level for 2005/06 and indicative council tax increases for the following two years will be announced on 15 February 2005. *Details of key areas from this work can be found at Appendix 2.*

##### 3.1.3 (3) **Prudential Arrangements for Capital Finance**

The approved Treasury Management Strategy for 2004/05 contains a number of indicators that require to be regularly monitored to ensure compliance with the requirements of the Prudential Code.

As at the end of December 2004, total borrowing continues to remain well below sustainable limits, although there has been some movement in other long-term liabilities following the introduction of finance leases as a method of funding projects. Healthy prudential margins are illustrated for both 31<sup>st</sup> December and year-end positions, which although reducing, should still ensure that the marginally higher capital investment levels projected remain affordable and sustainable. *Performance against key indicators for 2004/05, as projected at the end of Quarter 3 is shown in Appendix 3.*

#### 3.1.4 (4) Best Value Plans

The Finance Department has begun to identify the financial aspects of the Duty of Best Value, which will assist the Council to prepare for the audit of Best Value in 2006. This has involved reviewing the Best Value Task Force guidance and information from Audit Scotland to anticipate the areas that the final audit is likely to focus on. *For more details see Appendix 4a.*

Performance of the Trading Accounts of the 6 former DSOs continues to be monitored. In addition, a review of all of the potential trading operations of the Council is being developed to ensure that the requirements of the guidance on Trading Accounts are being met.

Improvement recommendations from the recent Best Value Review of Insurance and Risk Management have continued to be implemented. *For details, see Appendix 4b.*

#### 3.1.5 (5) Insurance and Risk

The Department provides corporate advice on the safeguarding of Council assets as well as the administration and management of risk and insurance services. The following insurance indicators highlight the level of claims the department is currently managing.

- **Number of Employers Liability Claims**  
During the third quarter ended 31<sup>st</sup> December 2004, 8 claim incidents occurred against the Council, an decrease when compared to 13 incidents in the previous year's quarter 3. The total of 18 for the year to date is a decrease on 23 in the previous year. *See appendix 5A for further details.*
- **Number of Public Liability Claims raised**  
Up to the end of the third quarter for 2004/05, 800 claim incidents occurred. This compares with 819 in the previous year and represents a 2.3% decrease. *See appendix 5B for further details*
- **Number of Motor Claims per number of Vehicles**  
For the third quarter of this year, total motor vehicle claim incidents were 144 against an insured fleet total of 1021, meaning that 14.1% of fleet vehicles were involved in accidents. The total of 355 for the year to date is a decrease of 10 on the number during the same period in the previous year. *See appendix 5C for further details*

#### 3.1.6 (6) Treasury Management

The Council holds a well-balanced loan portfolio, comprising both fixed rate and variable rate debt. However, improvements have been identified in the Service Improvement Plan 2004/05, with a key target to achieve full year interest savings of £500,000 being established. As at the end of September 2004, loan interest savings of approximately £300,000 have been achieved for 2004/05. Full year savings from 2005/06 to 2012/13 of approximately £500,000 will also be realised. Based on current market estimates, it is anticipated that additional savings may be achievable during 2004/05. *Further details are given in Appendix 6.*

To improve management practices a number of Treasury Management policies have been updated during the year and enhancements have been made to the accuracy of cashflow information, which has on average improved cashflow forecasting by approximately 10%. Additional improvement areas have been identified for development during 2004/05 with a view to further improving forecasting levels.

## 3.2 Revenue Services

The importance of having effective measures in place to maximise income collection is reflected in the Finance Department Service Improvement Plan for 2003-06. Similarly, the ability for the Council to pay invoices to suppliers within an agreed period is also critical. A number of initiatives are in place to improve collection rates and invoice payment times and the following indicators give an overview on how these initiatives are impacting on collection and payment performance.

### 3.2.1 **(7) Income Collected from Council Tax**

The net imposed figure for Council Tax for the year 2004/05 is £84.317m, which represents the amount after rebate income is received. The amount collected after the third quarter ended 31<sup>st</sup> December 2004 is £68.635m, which represents 81.40% of the annual total. This improved position compares to the 2003/04 quarter 2 total when £65.334m (81.15%) was collected.

### 3.2.2 **(8) Income Collected from Non Domestic Rates**

The net imposed figure for Non Domestic Rates for the year 2004/05 is £97.792m. The amount collected after the third quarter of 2004/05 is £78.845m, which represents 80.63% of the annual total. This reported position compares with 81.72% reported at the same stage last year. However, due to public holiday requirements for direct debit collection, the previous year's figure includes approximately £4m of January payments not yet accounted for this year. After adjustment, the underlying collection rate at the end of quarter 3 has improved by 3%.

### 3.2.3 **(9) Number of Invoices Paid within agreed times**

The improvement of invoice payment times is recognised as a key action in the departmental service plan and a target figure of 85% of all invoices to be paid within agreed terms has been set for 2004/05. Current analysis shows that 82.02% of invoices were paid within terms during the third quarter of 2004/05, compared with last year's figure of 77.59%. The cumulative total for the year to date is 79.25%, an improvement on last year's 75.96%. *Further details at Appendix 7C*

### 3.2.4 **(10) Aged Debt Profile**

Aged debt analysis provides an overview of unpaid debtors according to how long overdue the payment is from the original invoice date. The indicator provides an overview of the total debt outstanding at the end of quarter 3 and highlights any movement from the previous reported position.

The total debt outstanding at the end of the third quarter, 31st December 2004, is £8.568m. This is £1.719m higher than the reported position at 30th September 2004. The main reason for this is a number of high value invoices issued to other public sector bodies during the month of November which remained outstanding at the end of quarter 3. These account for the significant increase in the value of invoices outstanding for a period of 31-60 days. *Further details at Appendix 7D.*

### 3.3 Internal Audit

#### 3.3.1 **(11) Audit Plan**

Internal Audit work is progressing broadly in accordance with the approved annual plan, although some re-scheduling of work has occurred partly due to staff turnover and partly due to request from Departments.

Where work is rescheduled, Internal Audit seeks, where appropriate, to bring forward other work from future plans within the relevant Departments area of responsibility. The loss of productive time resulting from staff turnover has been greater than planned due to an unsuccessful attempt during the Autumn to fill a job share vacancy at qualified auditor level. This post remains vacant reflecting the ongoing difficulty of attracting suitable qualified and experienced candidates for such posts. This loss of productive time has been offset by a lower than expected input relating to frauds and irregularities and some slippage in audit work required following delays in the transfer from Communities Scotland to the Council of responsibility for the Management of Development Funding. Subject to any other unexpected events and based on current progress, it is expected that the annual programme of work will again be substantively completed by the year-end.

A number of reviews of key or significant corporate systems have been completed in the third quarter including work on IT project management arrangements, regularity work on payroll, debtors and creditors and reviews of compliance with contract standing orders and contract management arrangements. We have also undertaken a number of follow-up audits where we ensure that actions previously agreed by management in response to earlier audit recommendations have been implemented.

The detailed nature of internal audit reviews mean that Internal Audit exercises invariably find some evidence of control weaknesses, either in the form of inadequate or ineffective controls, and generally, therefore, contain recommendations for improvements. The Audit Manager can confirm, however, that during the period covered by this report, there were no systems of control that he required to assess overall as either inadequate or ineffective.

He is also pleased to report that management continue to respond promptly and appropriately to the recommendations contained in Internal Audit reports and that there are no significant issues arising from the work of Internal Audit during the period that he requires to bring to the attention of the Committee. *Further details of the completed and ongoing Audit programme is contained at Appendix 8.*

### 3.4 IT Services

The three areas below have been chosen to reflect the priority areas contained within the service improvement plan and provide a background to key areas of performance in terms of both corporate support for customers and new development areas.

#### 3.4.1 **(12) System Management & Reliability**

This indicator measures the success in the supply and management of networked and stand-alone systems, software configurations and maintenance and customer support on applications and hardware. For quarter 3, availability of software applications, corporate servers and networks again performed well above the target of 98%, achieving 99.8%. This continues the high availability and performance established over the previous year. The IT Service Centre also managed to resolve 99.2% of fault calls within the target timescale of 2 working days, again maintaining a high level of support to customer departments.

### 3.4.2 (13) Corporate Desktop & Emerging Technologies

Office productivity tools evaluation started and a report will go to a future meeting of the corporate ICT Working Group. The roll out of the new corporate desktop is continuing with the main offices in Housing & Property and Social Work now completed. Planning & Environment, Finance, Chief Executives and Administration are call scheduled for the first quarter 2005. The Home Working pilot in Planning and Environment is now operational with 6 staff fully equipped to Home Work. The remaining 5 pilot users are expected to be operational in January 2005. Work is continuing to scope the field working pilot with Social Work. A project has started to enable mobile assess for Community Wardens to the e:Nquiry application.

### 3.4.3 (14) Modernising Government / Electronic Service Delivery (ESD) Targets

IT services is heavily involved in assisting departments meet their Modernising Government/ESD targets as specified by the Scottish Executive. The main focus has been the support of the NLDirect (NLD) team in establishing the Customer Contact Centre (CCC), First Stop Shops (FSS) and the Council's web site. Significant Hardware and Software was deployed during November to allow the new e:Nquiry system to go live on the 29<sup>th</sup> of that month. This was a major roll-out of a Council wide application that required substantial effort from IT Services and the NLDirect team. To the credit of all parties concerned, the system went live without any major problems.

The completion of this phase of the project sees the final investment of monies allocated to the Council under MGF2.

Considerable progress has also been made regarding further phases of the e:Nquiry development project.

#### a) Back Office Integration

Housing Repairs – Development well under way regarding linking the e:Nquiry Front Office system with the Repairs module of HSMS.

Flare Environmental System – Contract signed with Flare for development of required software to link with e:Nquiry.

RMC Roads Systems – Development on hold pending decision on whether system is to be replaced.

#### b) Council Web Site – Appropriate hardware and software installed to accommodate linking e:Nquiry to Council's web site to allow Customer self service capabilities. Development of the internal software required to implement this facility is underway. The deployment of this facility is scheduled for next year.

## 3.5 People Management

As identified within the Finance Department service improvement plan, the employees of the department are its key resource. It is vital that staff have the skills and motivation necessary to enable them to effectively deliver the responsibilities placed on them. The department is committed to the continued development of all staff.

### 3.5.1 (15) Staff Training

The department wishes to build on its Investors in People accreditation in 2003 and as such has set out a comprehensive training plan for the year, tailored to individual development needs. All employees are included in this year's plan and 812 training courses have been identified and organised. This will involve a total of 1041 days in training. To date 488 courses have been delivered utilising 503 training days. *Further details at Appendix 9.*

### 3.5.2 (16) Absence Management

For the 3rd quarter of 2004/05, the total number of working days lost through absence was 649.5, which represents 3.74% of the total days available. Of this, 100 days (0.58%) were due to long-term illness. This compares unfavourably with the previous quarter's figure of 337 lost days (2.04%) but is a significant improvement on the previous year's quarter 3 figures of 872 lost days (5.01%). *Further details at Appendix 9.*

## 4. Performance Summary

- 4.1 The department has performed well up to the end of the third quarter. Both revenue and capital budgets are on target to meet expenditure limits with only small deviations reported up to the end of the quarter. The potential impact of the Spending Review 2004 has been reviewed and a briefing paper prepared. Further research work has been undertaken in response to other funding issues.
- 4.2 The Prudential Code for Capital Finance, newly introduced in 2004/05, enables the Council to increase its capital investment levels. At the end of quarter 3, projections show that borrowing is below sustainable limits with marginally higher capital investment affordable and sustainable. The department has also set a target level to reduce interest payable on borrowing by £500,000 per annum. Up to the end of December 2004, £300,000 savings have already been realised. Future years savings of £500,000 per annum are also projected.
- 4.3 Council Tax and Non Domestic Rate Collection and Invoice Payment rates show an improvement on comparable figures from last year. The Age Debt Profile for quarter 3 shows an increase from quarter 2 but significant reasons for this have been reported. These will continue to be closely monitored.
- 4.4 Internal Audit have completed a wide ranging series of reports up to the 31<sup>st</sup> December and many more have been started. Overall no inadequate or ineffective systems of control have been identified and management are responding promptly and appropriately to recommendations.
- 4.5 Council wide computer systems also remain at a high level of stability in both hardware and software applications providing nearly 100% user availability. Many new developments have also been continued in quarter 3 as the Council takes advantage of new more effective working solutions.
- 4.6 Comprehensive staff training plans have been developed for 2004/05 and progress will continue to be reported. Absence figures are above the level reported for the previous quarter, but show a positive improvement from the comparable quarter last year.

## 5. Recommendation

- 5.1 The Committee is requested to note the contents of this report.



**Director of Finance**

## DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT

QUARTER 3 : 2004/05

## 1. Financial Controls &amp; Reporting

## A. Revenue Expenditure : 2004/05 (£'000)

Department	Figures to 10th December 2004			Figures to 31st March 2005		
	Budget	Actual	Variance	Budget	Projection	Variance
Community Services	44,574	44,395	179	78,243	78,228	15
Education	169,630	169,094	536	277,881	277,881	0
Finance	11,322	11,183	139	26,445	26,323	122
Administration	3,804	3,592	212	6,811	6,575	236
Housing & Property	16,924	16,873	51	29,984	30,114	-130
Joint boards	42,946	42,946	0	54,035	54,035	0
Personnel	1,005	996	9	2,028	2,026	2
Planning & Environment	24,811	24,653	158	41,769	41,769	0
Chief Executive	1,765	1,772	-7	1,141	1,156	-15
PPP/Trading Surplus	-1,662	-1,716	54	-2,341	-2,341	0
Social Work	73,480	73,342	138	105,370	105,170	200
Financing Costs	0	0	0	-34,386	-34,313	-73
Adjustment for Central Admin				-48,773	-48,773	
<b>Total Expenditure</b>	<b>388,599</b>	<b>387,130</b>	<b>1,469</b>	<b>538,207</b>	<b>537,850</b>	<b>357</b>
Sources of Funding	332	332	0	538,207	538,207	0
<b>Total Surplus / (Deficit)</b>	<b>388,267</b>	<b>386,798</b>	<b>1,469</b>	<b>0</b>	<b>-357</b>	<b>357</b>
<b>Housing Revenue Account</b>	<b>22,317</b>	<b>22,435</b>	<b>-118</b>	<b>0</b>	<b>-40</b>	<b>40</b>

<b>Deviation from Plan</b>	<b>0.38%</b>	<b>0.07%</b>
	Actual vs Budget	Project outturn vs budget

## B. Composite Capital Expenditure : 2004/05 (£'000)

Department	Current Programme	Projected Outturn	Projected Variance	Actual Spend to 10/12/04	Committed to 10/12/04
Administration	931	931	0	586	623
Chief Executive	261	261	0	54	244
Corporate : Design & Project Management	100	0	100		
Community Services	14,505	13,610	895	6,522	10,453
Education Programme	13,317	13,317	0	6,804	13,771
Finance/IT	2,034	1,916	118	360	1,797
Housing - Non HRA Grants	4,606	4,244	362	1,490	3,038
Housing - Property Services	4,325	4,075	250	1,918	3,324
Planning & Environment	26,909	26,909	0	8,095	18,933
Social Work	3,462	2,957	505	912	2,367
<b>Programmed Capital Expenditure</b>	<b>70,450</b>	<b>68,220</b>	<b>2,230</b>	<b>26,741</b>	<b>54,550</b>
less Slippage Factor	-3,000	-3,000	0	0	0
<b>Planned Expenditure Total</b>	<b>67,450</b>	<b>65,220</b>	<b>2,230</b>	<b>26,741</b>	<b>54,550</b>
	<b>3.31%</b>	<b>37.96%</b>	<b>77.43%</b>		

Deviation of projected outturn vs current programme

% of total programmed expenditure spent to date.

% of expenditure committed against programmed expenditure

**DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT**

**QUARTER 3 : 2004/05**

**2. Budget Planning 2005/06 to 2007/08**

**Progress on many budget planning areas continues to be made during Quarter 3. Many of the key areas raised during this period are detailed below. Progress will continue through the year in these areas as the Council works to develop its budget plans.**

**Work undertaken to date includes :**

- \* Review of Chancellor's announcement and input to COSLA submission on Spending Review 2004 which will underpin the Council's financial plans for the years 2004/05 up to and including 2007/08
- \* Review of Local Government Financial Settlement 2005/06 to 2007/08 announced by the Scottish Executive on 8 December. This provided details of the government grant funding for North Lanarkshire Council for the next three years.
- \* Commencement of preparations for budget 2005/06-2007/08 based on the Council's financial strategy, including limited Council Tax increases, maintenance of a contingency sum, commitment to improve efficiency by targeting annual savings and maintaining the value of service charges in real terms.
- \* Resolution of a number of cost pressure areas and their impact on future years. These include, Pay Award settlements, Job Evaluation/Harmonisation, energy costs and insurance risks and costs.
- \* Agreement of efficiency savings for 2005/06.
- \* Consideration of new proposals and growth areas, including Prudential Code borrowing, Education 2010 PPP Project Management Costs, Indoor Regional Sports Facility, Strategic Waste Plans etc.
- \* Consideration of the outcome of any likely impact of the Efficient Government initiative by reviewing suggested proposals against the Council's current corporate strategy.
- \* Continued representations to COSLA on maximising deprivation funding available to North Lanarkshire.
- \* Initial research and review papers produced in consideration of the options for Local Government Finance- Funding for the Future. This is linked to the Independent Review of Local Government Finance.

## DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT

QUARTER 3 : 2004/05

## 3. Prudential Arrangements for Capital Finance

## Capital Expenditure, Capital Financing Requirement and Prudential Margin

Capital Expenditure	Original 2004/05 Estimate (000s)	Projected Outturn 2004/05 (000s)
Total spend	92,758	104,814
<b>Financed By:</b>		
Borrowing	36,563	34,588
Capital receipts	30,043	38,374
Cash grants	11,742	15,674
Capital from Current Revenue	14,410	16,178

Prudential Margin Calculation	Original 2004/05 Estimate (000s)	Position at 31 <sup>st</sup> Dec 2004 (£000s)	Projected Outturn 2004/05 (000s)
Capital Financing Requirement	417,391	434,236	434,236
Net borrowing requirement	374,721	392,132	412,099
<b>Prudential Margin</b>	<b>42,670</b>	<b>42,104</b>	<b>22,137</b>

## Authorised Limit and Operational Boundary

	2004/05 Authorised Limit Estimate (£m)	2004/05 Operational Boundary Estimate (£m)	Maximum borrowing level during Q2 2004/05 (£m)
Borrowing	600	570	464
Other long term liabilities	0	0	0.02
<b>Totals</b>	<b>600</b>	<b>570</b>	<b>464.02</b>

## DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT

## QUARTER 3 : 2004/05

## 4. Support the Implementation of the Councils Best Value Plans

## A BEST VALUE AUDIT PREPARATIONS

The Department has reviewed guidance from the Best Value Task Force and other information to identify the areas of the Finance function that are likely to be of particular importance in assisting the Council to demonstrate Best Value. In preparation for the full audit of Best Value, the Department has started to review of the Council's arrangements for:

- Financial Planning and Control
- Financial Stewardship
- Asset Management, Planning and Performance
- Risk Management
- Procurement
- Financial Performance Measurement and Reporting

## B INSURANCE, RISK MANAGEMENT AND SAFETY

## Position as at 31/12/04

Processing Insurance Claims

- Process in-house non-injury claims below £500
- Appoint Loss Adjusters for larger value property insurance claims
- Implement recommendations from a Business Change Analysis and set targets for improvements in time taken to settle claims

Progress with the existing claims handler on handover plans and training.  
Revised structure of Risk & Insurance Section approved by Committee in November 2004  
Implemented. Loss Adjuster now in place.

Pilot exercises undertaken in Housing and Roads to assess improvements to the processing of claims. Housing pilot identified significant improvements and training has taken place within the other Housing area offices to implement improved practices. Analysis of Roads pilot to commence in January.

Insurance Strategy and Advice

- Continue to ensure competitiveness of charges for legal services to the Insurance Fund
- Seek Charter Mark accreditation for the Risk & Insurance Section
- Improve measurement of statistics to facilitate comparison of performance

Review of charges due March 2005

Charter Mark awarded following assessment in July 2004

Contact through ALARMS of potential partners for benchmarking of performance

Review of Insurance Levels

- Review insurance / self-funding levels

Review carried out for 2004/05 and reported to Committee.

Information supplied to insurers for 2005/06 to enable consideration of 2005/06 self-funding levels.

The risk financing strategy will be reviewed as part of the tendering exercise that will be carried out in 2005.

Risk Management Activity

- Link departmental charges for insurance to claims experience
- Increase focus on risk management activity

Review of potential models that would link more accurately departments' charges to their claims experience. It is anticipated that this model will be used for the 2005/06 Budget.

Visits commenced to departmental management teams to discuss risk management and insurance processing. Following completion of these visits, the Insurance Risk Management Working Group will be re-established and will monitor action taken in departments to reduce claims

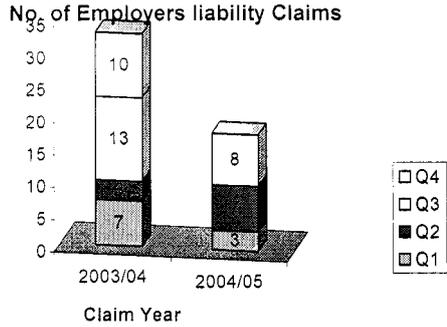
DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT  
 QUARTER 3 : 2004/05

5. INSURANCE AND RISK MANAGEMENT

Note : The claim numbers quoted for each quarter are now based on the actual incident date of the claim and not when the claim is made against the Council.

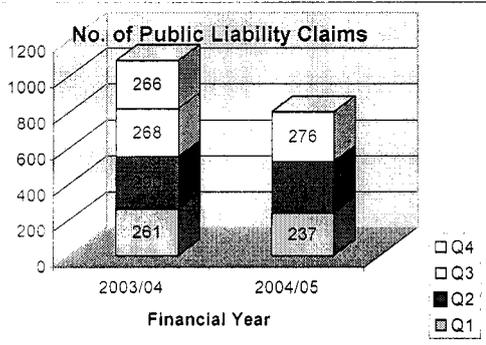
a. Number of Employers Liability Claims

	Q1	Q2	Q3	Q4	Total
2003/04	7	3	13	10	33
2004/05	3	7	8		18



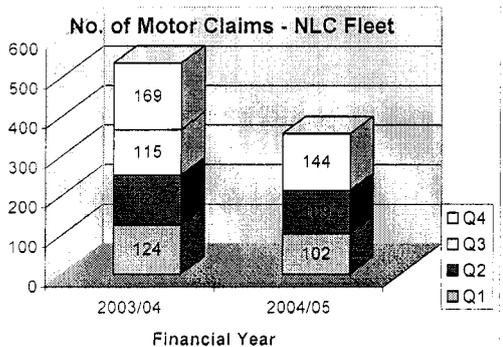
b. Number of Public Liability Claims

	Q1	Q2	Q3	Q4	Total
2003/04	261	290	268	266	1085
2004/05	237	287	276		800
NLC Population					321,350



5c. Number of Motor Claims across Council Fleet

	Q1	Q2	Q3	Q4	Total
2003/04	124	126	115	169	534
2004/05	102	109	144		355



## DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT

QUARTER 3 : 2004/05

## 6. TREASURY MANAGEMENT PERFORMANCE

## Treasury Management Indicators

*Interest Rate Exposures*

	2004/05 Upper Limits	2004/05 Actual Held, Q3
Fixed interest rates	105%	106%
Variable interest rates	-5%	-6%

*Maturity Structure of Borrowing*

Maturity Structure of fixed borrowing	< 12 months	12 months to 2 years	2 to 5 years	5 to 10 years	10 years + above
Upper limit maturing	25%	25%	25%	25%	90%
Amount expected to mature in Period	0.11%	0.35%	4.36%	9.99%	85.19%

## DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT

## QUARTER 3 : 2004/05

## REVENUES

## A. (7) INCOME COLLECTED FROM COUNCIL TAX

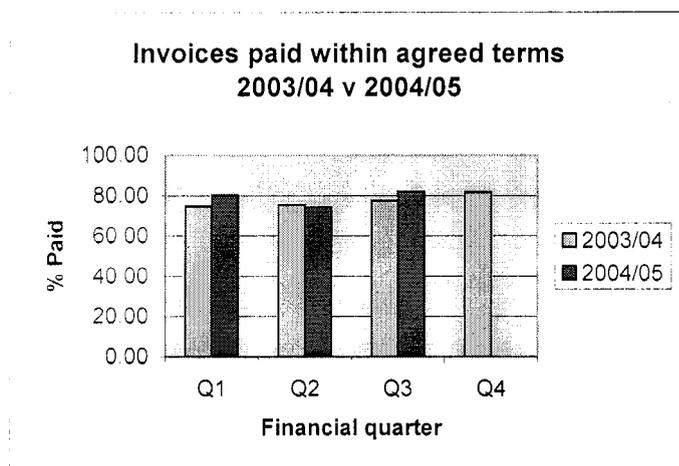
The net imposed figure for Council Tax for the year 2004/05 is £84.317m, which represents the amount due after rebate income is received. The collection target for 2004/05 is 93.5%. For the third quarter of 2004/05, ending 31st December, the amount collected is £68.635m (81.40%). This compares to the equivalent period in 2003/04 when 81.15% was collected.

## B. (8) INCOME COLLECTED FROM NON DOMESTIC RATES

The net imposed figure for Non Domestic Rates for the year 2004/05 is £97.792m. The amount collected after the third quarter of 2004/05, ending 31st December, is £78.845m, which represents 80.63% of the annual total. This reported position compares with 81.72% reported at the same stage last year. However, due to public holiday requirements for direct debt collection, the previous year's figure includes approximately £4m of January payments not yet accounted for this year. After adjustment, the underlying collection rate at the end of quarter 3 has improved by 3%.

## C. (9) PERCENTAGE(%) OF INVOICES PAID WITHIN AGREED TERMS

	Q1	Q2	Q3	Q4	Average
2003/04	74.80	75.46	77.59	81.62	77.59
2004/05	80.26	74.23	82.02	0.00	79.25



## D. (10) AGED DEBT PROFILE

No. of Days	Amount Outstanding 30th Sept 2004	Amount Outstanding 31st Dec 2004
31-60	538,043	2,397,543
61 - 90	298,182	298,992
91-120	229,798	237,954
121-365	2,417,351	2,137,119
Greater 365	3,366,023	3,496,744
Total	6,849,397	8,568,352

## DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT

QUARTER 3 : 2004/05

## 11. INTERNAL AUDIT

## a. Summary of Internal Audit Reviews undertaken during Quarter 3 2004/05.

Department	Subject
Corporate	Capital Expenditure/contract management
Corporate	Corporate Governance
Corporate	Debtors - regularity
Corporate	Creditors - regularity
Corporate	Payroll - regularity
Corporate	Compliance with contract standing orders
Chief Executive's	Emergency planning
Community Services	Cleansing
Education	Quality control arrangements
Finance	Follow-up of previous reports
Finance	Prudential code
Finance	IT Project management and development control
Housing and Property	Follow-up of previous reports
Housing and Property	Housing Benefit - Calculation of awards
Planning/Environment	Street Lighting
Social Work	Follow-up of previous reports
Social Work	Residential care - commissioning and payments

Internal Audit has also co-ordinated the Council's participation in the National Fraud Initiative (NFI) and is co-ordinating the annual revision of the Council's Financial Regulation and Contract Standing Orders.

## DEPARTMENT OF FINANCE - PERFORMANCE MONITORING REVIEW REPORT

## QUARTER 3 : 2004/05

## People Management

## 15. Staff Training

## A Training needs met ( identified from staff training plan )

	Training Plan 2004/05	April - June 2004	July - Sept 2004	Oct - Dec 2004	Total to Date
<i>No. of Courses</i>	812	112	220	156	488
<i>No. of Training Days</i>	1041	100	236	167	503

## 16. Absence Management

The Finance Department's Absence Statistics for the last two quarters are as follows :-

Service	July - Sept 2004 (2003)		Oct - Dec 2004 (2003)	
	No. of days through illness	% illness	No. of days through illness	% illness
<i>Accounting Services</i>	52 (148)	1.76 (4.92)	71 (148)	2.29 (4.65)
<i>Revenue Services</i>	240 (467)	2.55 (4.92)	408.5 (561)	4.10 (5.60)
<i>I.T Services</i>	45 (150)	1.09 (3.61)	170 (163)	3.94 (3.88)
<b>Total</b>	337 (765)	2.04 (4.59)	649.5 (872)	3.74 (5.01)