



**To:** Joint Audit Committee

**From:** Chief Constable

**Date:** 23 June 2014

## FINANCIAL KEY PERFORMANCE INDICATORS 2013/14

### 1 Purpose

1.1 To provide the Committee with an update on the Key Financial Performance Indicators (KPI's) for the exchequer services functions of the Finance Team for the first financial year 2013/2014.

### 2. Background

2.1 The Police and Crime Commissioner monitors revenue and capital spending performance against the budget, but there are other targets in place and it is important for him/her to monitor these other key areas, e.g. debt collection, prompt payment, investment returns, and the value of business undertaken with major customers and suppliers.

### 3. Detail

#### Sales Ledger & Credit Control

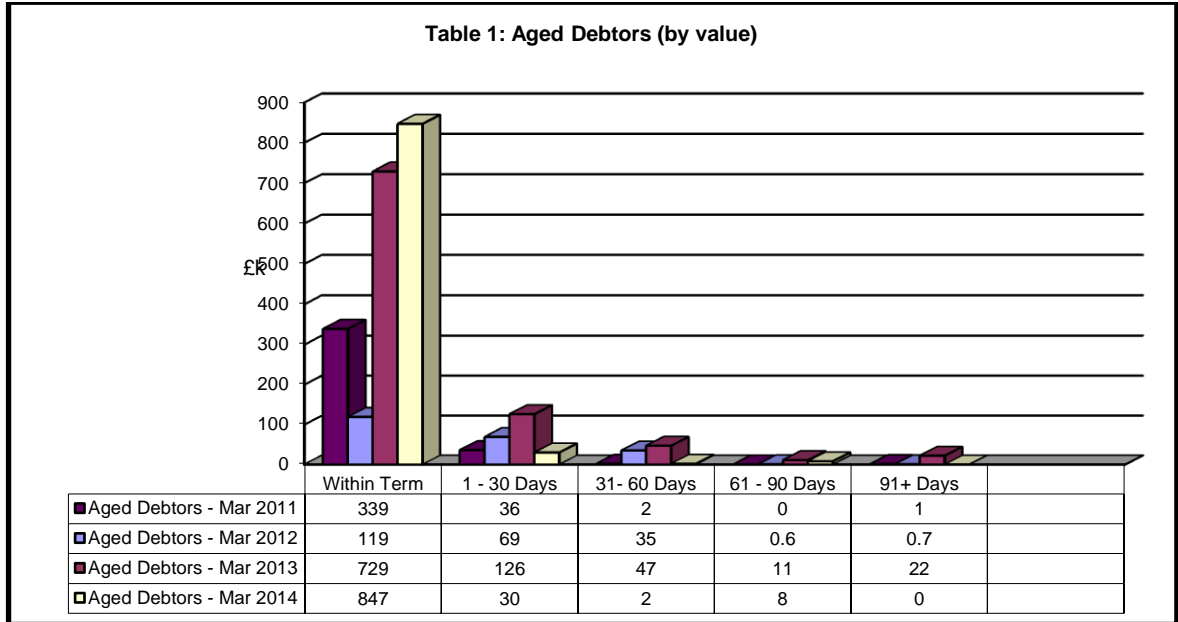
3.1 The overall sales ledger balance at **31<sup>st</sup> March 2014** was **£887k**; this compares with **£935k** for the previous year end. **This is a decrease on the previous year due to the number of sales invoices being raised.** The Finance Officer and Supervisor take a proactive stance on debt recovery and continue to make efforts to reduce the level of outstanding debt.

3.2 The principal KPI is that of Debtor Days (a measure of the average time taken for payments to be received):

2010/11      2011/12      2012/13      2013/14

41.9 days      20 days      69.4 days      **57.3 days**

3.3 Compared to the **£22k** for 2012/13 outstanding at 91+ days. Table 1 show that there is no outstanding debt over 91+ days for 2013/2014.



3.4 The Top Ten Debtors list (Table 2) identifies the most significant customers, based on the value of invoices raised between **April 2013 and March 2014**.

**Table 2: Top Ten Debtors (by value)**

1	The PCC for Hertfordshire	£1,332,272.83
2	College of Policing	£750,696.47
3	The PCC for Bedfordshire	£747,586.57
4	OPCC for West Yorkshire	£508,238.00
5	NHS England	£230,000.00
6	HMIC	£221,652.24
7	Blackwoodsman Ltd	£166,800.91
8	NCA	£162,413.53
9	The PCC for Essex	£141,181.22

10	Cambridgeshire City Council	£126,437.13
	<b>TOTAL</b>	<b>£4,387,278.90</b>

1. The PCC for Hertfordshire – this is mainly for mutual aid, Tri force Contributions and stores uniform charges.
2. Collage of Policing – charges for the secondment of officers.
3. The PCC for Bedfordshire–This is mainly for Tri force contributions and stores uniform charges.
4. OPCC for West Yorkshire – this is mainly for NPAS credits for airframe and Mutual Aid.
5. NHS England – This is for Health Care Commissioning.

#### 4. Purchase Ledger & Supplier Payments

- 4.1 The Police and Crime Commissioner seeks to achieve a 30-day turnaround for all supplier payments.
- 4.2 During this period 98.2% of invoices were paid within the 30 day target. This is an improvement on the previous year’s overall performance of 96.64%.
- 4.3 Further improvements will be harder to attain in future. However, as part of the Business Support review, a centralised purchase ordering team was set up which has increased the amount of goods bought on purchase orders. This has helped improve the creditor days.
- 4.4 The details are shown in Table 3 below.

**Table 3: Prompt Payment KPIs**

	2010/11	2011/12	2012/13	2013/14
Invoices Paid no.	22,487	20779	20807	21043
Paid within 30 days (no.)	21,923	20245	20109	20657
Paid within 30 days (%)	97.5%	97.43%	96.64%	98.2%
Target	95%	95%	95%	95%

- 4.5 The average number of days taken to process invoices for goods and services is 12.99 (13.57) days, well within the target of 30 days. The reason for paying suppliers sooner than 30 days is that the payments that have been taken on to purchase ledger, that were previously paid through Imprest or through Treasury Management, are all immediate payment rather than 30 days, as they are payments to creditors that are not normal suppliers e.g. road fund licenses and payroll deductions.

**4.6** The Top Ten Suppliers list (Table 4) identifies the significant areas of supply for the year. The biggest spend relates to ICT (equipment, software and training). The second biggest spend relates to Cambridgeshire's share of collaboration costs. There is also a significant spend with the Home Office for centrally delivered services (previously provided by NPIA). As usual fuel supply continues to be a significant spend as do communications and forensic science.

**Table 4: Top Ten Suppliers (by Value)**

1	Specialist Computer Centres PLC	£2,908,613
2	PCC Hertfordshire	£2,705,536
3	Allstar Business Solutions Ltd	£1,639,495
4	Home Office	£1,555,049
5	Airwave Solutions Ltd (Decision Focus)	£1,152,494
6	G4S Forensics & Medical Services Ltd	£1,080,457
7	Norfolk Constabulary	£912,186
8	EDF Energy 1 Limited	£574,830
9	Huntingdonshire District Council	£624,680
10	Peterborough City Council	£594,793
	<b>Total</b>	<b>£13,748,133</b>

4.7 The Finance Section continues with its efforts to encourage all suppliers to be paid by BACs in preference to cheque and, consequently, there has been an increase in BACS payments over last year, as detailed in Table 5 below. A letter requesting bank account details for subsequent payments is sent out with every cheque.

**Table 5: Proportion of Payments made by BACS/Cheque**

	2012/13		2013/14	
	By number	By Value	By number	By value
BACS Payments	85.38%	86.82%	85.63%	90.36%
Cheque Payments	14.62%	13.18%	14.37%	9.64%
Total	100.00%	100.00%	100.00%	100.00%

**5. Recommendation**

5.1 The JAC is asked to note the report.