ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	**Meeting:**	**Performance & Scrutiny Overview Committee**
2.	**Date:**	**3rd December 2010**
3.	**Title:**	**Payment of invoices within 30 days (former BVPI8)**
4.	**Directorate:**	**Financial Services**

5. Summary

Former Best Value Performance Indicator 8 measures the payment of undisputed invoices within 30 days. The Council has agreed an average annual target of 96% for performance of BVPI8 for 2010/11.

Out turn performance for recent years has achieved:

2006/07	91%
2007/08	94%
2008/09	92%
2009/10	94.65%

Performance against BVPI8 is not as consistent as it should be and it has been recognised that the Council should act to instil and embed good practice in this area and work is ongoing to this effect. Recent performance for the new financial year has achieved:

April	98.15%
May	96.90%
June	94.87%
July	94.84%
August	94.21%
September	94.47%
October	93.12%
Year to Date	95.22%

6. Recommendations

That the current position in respect of BVPI8 is noted.

7. Proposals and Details

Although this indicator no longer exists as a Best Value Performance Indicator, performance of the measure is still seen as important for the following reasons:

- Reputation – we need to maintain our reputation as a prompt payer
- Savings – we have a number of early payment discounts set up with suppliers
- Policy – Council priorities include supporting our local economy and SMEs (small to medium enterprises) which may be at risk if their cash flow is affected by late payment

The indicator therefore continues to receive a considerable amount of attention with reports being submitted to a number of Member meetings. Performance against this indicator will continue to be reported monthly to both Procurement Panel and Champions' Meetings and quarterly to PSOC.

For information a comparison is given below of the current position against the same point in the previous financial year, which demonstrates the continued improvement of this indicator.

Month	**2010/11**	**2009/10**
April	98.15%	96.65%
May	96.90%	96.44%
June	94.87%	93.47%
July	94.84%	94.37%
August	94.21%	93.78%
September	94.47%	92.46%
October	93.12%	92.00%
Year to Date	95.22%	94.02%

8. Finance

There will be a cost / resource implication of continuing to chase GRNs from officers.

The Council and RBT may also miss out on early payment discount savings whenever GRNs are delayed. The amount targeted for early payment discount savings in 20010-11 is £220,000.

9. Risks and Uncertainties

If the Council under performs on BVPI8 then this may have an affect on our CPA score. Vulnerable smaller suppliers may also experience financial difficulties due to delayed payment which goes against our commitment to the SME Friendly Concordat.

Making late payments to suppliers can damage relationships between the Council and suppliers and could potentially cause cash flow difficulties for suppliers, dependant on invoice values and suppliers' turnover. It is possible that late payments could result in suppliers putting our account 'on stop' which could cause

delays to Council projects. Ultimately late payment could result in the matter being referred to court.

10. Policy and Performance Agenda Implications

BVPI 8 performance
SME Friendly Concordat

11. Background Papers and Consultation

Reports to Procurement Panel and PSOC

12. Contact Name:

Sarah McCall ex 54529
Sarah.mccall@rotherham.go.uk