

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Finance and Staffing Portfolio Holder
AUTHOR/S: Head of Accountancy

17 March 2010

PAYMENT OF INVOICES

Purpose

1. To authorise a change in the performance target for payment of invoices.

Background

2. In order to assist businesses during the economic downturn, the Council set an ambitious target to aim for paying 80% of undisputed invoices within ten days (local performance indicator SE752). The Council is currently forecast to pay 60% of undisputed invoices within ten days in 2009/10. This indicator is assigned to the Accountancy Service but performance is dependent on prompt financial administration throughout the Council. This local indicator SE752 has been defined by the Council as 80% of undisputed invoices within ten calendar days from receipt to payment with no allowance for weekends and other non-working days.

Considerations

3. The Prompt Payment Guidance for Public Sector Organisations issued in December 2008 by the Department for Business Innovation and Skills defined the payment target as arriving in the destination bank account on or before the tenth working day thereafter. The target applies to valid invoices rendered to the correct address. Changing to this target would give the same payment period for some invoices if there is only one weekend in the payment period, as the two extra working days are offset by the two days needed for payment by BACS to the destination bank account. In other cases, the target would be extended by two days where two weekends occur in the payment period (more when a bank holiday occurs).
4. With a revised target, it is still unlikely that a payment performance much above 70% is achievable given competing work pressures, leave and unplanned absences when cover may not be available.
5. Senior Management Team considered these issues on 17th February and recommended moving to a target of paying 70% of undisputed invoices within ten working days from receipt to the destination bank account.

Recommendations

6. The Portfolio Holder is requested to authorise a change in the target to paying 70% of undisputed invoices within ten working days from receipt to the destination bank account with effect from 1st April 2010.

Background Papers: the following background papers were used in the preparation of this report:

Prompt Payment Guidance for Public Sector Organisations
Report to Senior Management Team "Options ... paying undisputed invoices..." 17 February 2010

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