

# UK local government finance departments bloated and underperforming

Submitted by: XL Communications

Wednesday, 22 August 2012

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Research into local government authority accounts processing by ReadSoft (<http://www.readsoft.co.uk>), a specialist in document and back office automation, indicates:

- Average invoice processing in UK local government is less than half industry benchmark
- Broad majority of councils performing below UK average
- Worst offenders processing less than 1,000 documents per employee per year

According to the industry benchmark established by the Hackett Group, every full time equivalent (FTE) post should be processing at least 35,147 invoices per annum. ReadSoft's research, based upon freedom of information requests made to 404 UK district and county councils, indicated that during 2010-11, more than 30.6 million invoices were processed by local government authorities. Local government should be able to process this level of documentation with a total of 871 full time employees. In fact the research indicated 2,291 people were employed within council financial departments to process these invoices.

Many authorities struggle with manual processes across a mixture of paper and electronic formats resulting in poor levels of invoice process efficiency (92.6% fail to meet industry standards). Only 6% of responding authorities achieved or bettered the Hackett Group's benchmark. 54.7% fell below the lowest performance benchmark (11,786 invoices processed per FTE per annum), while the remaining 39.3% of authorities need to improve.

Simon Shorthose, Managing Director, ReadSoft UK says: "The average amount of invoice processing compared to finance staff within local government is less than half the industry benchmark, and the majority show below average performance. This suggests staff are engaging in time consuming and mundane manual processing work, which is inefficient, costly and prone to error."

Automation of invoice processing within business is a widely accepted response to the issues of poor efficiency. ReadSoft back office automation products represent fast to deploy, flexible alternatives to expensive manual invoice management. The new ReadSoft Online suite of tools deliver a fully scalable, professional Cloud based invoice and document processing solution that provides councils with a simple, no cost to set up alternative.

"With 65% of respondents recording below average efficiency, staff will be drawn in from other departments to fight end of month fires, balance the books and try to retain control of cashflow. At a time when frontline services are massively threatened, drawing council staff from other, more forward looking service delivery activities and the costs this incurs, is simply unacceptable," notes Shorthose.

-Ends-

For a calculation of an authority's current level of efficiency please contact ReadSoft at [info-UK@readsoft.co.uk](mailto:info-UK@readsoft.co.uk)

About the research:

Employing freedom of information, ReadSoft compared local government financial processes in the fiscal year 2010-2011. Of the 404 UK authorities which responded to the requests, 285 authorities supplied viable data for assessment.

To benchmark the authorities' data the average cost of employing a finance officer in an accounts payable role was calculated to equate to £25,000 per annum

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About ReadSoft

ReadSoft is a leading global provider of software solutions for Document Process Automation. ReadSoft's software enables companies to automate document processes such as accounts payable processing (<http://www.readsoft.com/purchase-to-pay.aspx>), document capture, document sorting, and order to cash. ReadSoft is by far the world's number one choice for automated invoice processing (<http://www.readsoft.com/software-products.aspx>), especially into business systems from SAP and Oracle. Since the start in 1991, ReadSoft has grown to a worldwide group with operations in 16 countries on five continents and a network of local and global partners. The head office is located in Helsingborg, Sweden, and the ReadSoft share is traded on the NASDAQ OMX Nordic Exchange Small Cap list. For more information about ReadSoft, please visit [www.readsoft.co.uk](http://www.readsoft.co.uk).