

PERFORMANCE AND FINANCIAL MONITORING REVIEW

Executive Summary

An interim report went to the Overview & Scrutiny Committee on 11th July which set-out the initial highlights of the performance management review and outlined the next steps.

Since the meeting all Councillors have been invited to feed into the review, and work has been undertaken to draw all of the comments and suggestions into this report.

The proposed changes to the Green Book will not just be a revision of the current content, it is a step change in approach. Councillors have said how much they value the content but would like to see greater context and accessibility. The proposal is to align the current performance and financial monitoring (Green Book) data, with the Woking For All priorities, key project updates from the Corporate Programme Board, and key risks and budgets aligned around Directorates.

A total of 9 recommendations are being made for consideration. Some of these will already have been discussed, but agreement is now requested to enable a proposal to be prepared and submitted to the October Executive meeting.

If the recommendations are agreed at the October Executive, the review will move into Phase 2 which is based around implementation. This will be iterative, with a proposed update in January 2023 for comment and final revised version ready for the start of the 2023/24 financial year.

Recommendations

The Committee is requested to:

RECOMMEND TO THE EXECUTIVE That the recommendations contained in the report are agreed to enable the implementation phase to begin.

The item above will need to be dealt with by way of a recommendation to the Executive.

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| Background Papers: | None. |
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1.0 Introduction

- 1.1 The purpose of this report is to provide an update on activity in relation to the performance and financial management review, and to seek agreement on the proposed revised structure and content of the Green Book replacement. This was initiated by the LGA Peer Review Action Plan (Gifty report) that was agreed February 2022 at Full Council.
- 1.2 Discussions will help to inform the report and recommendations that will be submitted to the Executive on 6th October 2022.
- 1.3 A key driver of the review is to ensure that the proposed approach continues to strengthen transparency around Council performance across all areas, and to establish clear lines of accountability in relation to the functions and services that are provided to residents.
- 1.4 The revised Green Book is not just a revision of the current content, it is a step change in approach to increase transparency and quality. Councillors have said how they much they value the content, but would like to see greater context and accessibility. The proposal is to align the current performance and financial monitoring (Green Book) data, with the Woking For All priorities, key project updates from the Corporate Programme Board, and key risks and budgets aligned around Directorates. Improved performance management narrative has also been requested. Directorates will be responsible for providing a short snapshot outlining how the Directorate is performing. This contributes to a 'snapshot on a page' for the Council as a whole, so residents can understand performance at a glance. The intention is to become more accessible and provide greater context to performance reporting.
- 1.5 This report outlines the proposed structure and content of the revised approach to performance management. Phase 2 will focus on updating the content into this agreed structure. This includes delivery against the Woking For All Strategy which will form a key component of the revised approach.
- 1.6 Following agreement at the October Executive the review will move into Phase 2 which is based around implementation. This will be iterative, with a proposed update in January 2023 for comment and final revised version ready for the start of the 2023/24 financial year.

2.0 Background

- 2.1 An interim report went to the Overview & Scrutiny Committee on 11th July 2022 which set-out the initial highlights of the performance management review and outlined the next steps.
- 2.2 Since the meeting all Councillors have been invited to feed into the review. In addition to feedback at the O&S meeting and 1:1s with the O&S Chair and Vice Chair, an additional response has been received in relation to the need to ensure that KPI charts/graphs are updated to be more engaging and user-friendly. Work has been undertaken to draw all of the comments and suggestions into this report.

3.0 Phase 2 Steps and Schedule

- 3.1 The next phase of this work is based around the implementation of the recommendations to be agreed by the Executive in October. It is anticipated that this process will be ready for the beginning of the next financial year. This will present the opportunity to have a clean break from the current Green Book and introduce a more holistic approach to performance management for the 2023/24 financial year.
- 3.2 To ensure that progress is made, it is proposed that a version 1 revised performance report is produced in January 2023 to reflect the October to December 2022 outturn. At this point the monitoring of the Woking For All Strategy will be well established. Feedback will be sought from stakeholders, changes will be made, and a version 2 will be produced for January to

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March 2023 outturn. This iterative process will ensure that the full process is ready for full go-live from April 2023. Please note that version 1 and 2 will be produced alongside the existing Green Book, not instead of. It will be available for members to comment on but not be published. Members will be able to request copies of the revised version ahead of public publication in 2023/24.

- 3.3 Based on the proposed schedule, the first report under the new structure will reflect Q1 2023/24, covering the period April to June 2023. Each quarterly report will be produced and be available in the month after the reporting period, i.e. Q1 will be published in July 2023.
- 3.4 As is the case now, a timetable will be produced at the beginning of each financial year to ensure all contributors (KPI leads, Finance, Thameswey etc.) are fully aware of the deadlines that they should be working to.

4.0 Recommendations

- 4.1 Following the review, a total of 9 recommendations are being made for consideration. Some of these points will already have been discussed, but agreement is now requested to enable a proposal to be prepared and submitted to the October Executive meeting. Recommendations are as follows:

1. Structuring by Directorate:

- 4.2 Performance Management should be structured around the Council's three Directorates; Communities, Corporate Resources, and Place. An introductory note at Chief Executive level will sit above the 3 Directorates and bring together cross-cutting themes, provide a narrative as to the direction of travel for the Council, report budget performance at corporate level, and highlight progress against the 5 Woking For All themes.
- 4.3 This approach will provide a clearer link to the Woking For All Strategy and will move towards a merging of KPI and financial information to provide a service-by-service narrative. This approach will also provide clearer accountability at Strategic Director Level. A diagram of how this will look is attached at Appendix 1.

2. Consolidate Corporate Reporting:

- 4.4 It is recommended that the new performance management regime facilitates the merging of a number of reports that exist already. This will prevent multiple reports being created for different meetings and help to consolidate all relevant information into one document. A list of the recommended components to be reported for each directorate is as follows:

- Strategic Director summary of progress, issues arising, and achievements
- Woking For All Actions Progress Report
- Directorate Budget Status
- Investment/Capital Programme Update
- Directorate Savings Targets
- Directorate Strategic Risks
- Key KPI's.

- 4.5 The Performance Report will in future include the monitoring of complaints in relations to the Council's Housing landlord functions now that these services have come back in house.

3. Project Management Reporting:

- 4.6 It is recommended that project management reporting is not included in the quarterly performance report. The reasoning behind this is that the existing project monitoring report has

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been developed over time based on feedback from Councillors, CLT, and audit, and the report that is currently produced is subject to robust scrutiny and governance as part of the Corporate Programme Board arrangements and regular submission to the Executive Committee for review.

- 4.7 In addition, the level of information produced is such that A3 sized reports are required, and this will not easily lend itself to the format envisaged for Performance Management reports. It is recommended, however, that future Project Monitoring reports are grouped by directorates to reinforce the new structure of the Council and enable Strategic Directors to quickly see the status of projects that fall under their remit.

4. Frequency:

- 4.8 The compilation and publication of performance management should be undertaken on a quarterly basis. A quarterly report will allow officers the time to better review and analyse data, which in turn will lead to a more focused narrative. Output will be of a higher quality, with improved narrative which will provide greater insight to Councillors and residents. Quarterly reporting will also allow performance management to closely align with project, risk, and Woking For All action updates; this means key areas can be presented and reviewed at the same time, facilitating the joining-up of information across the organisation. No other Surrey local authority reports monthly, the majority report on a quarterly or six-monthly basis, with formal published reports often being compiled annually.

5. Self-Service KPI's:

- 4.9 As part of the consultation process, several comments were received from Councillors that high profile KPI's, such as waste collection, would benefit from monthly reporting rather than the proposed quarterly performance management publication. The intention is that such KPI's will continue to be available on a monthly basis, with the potential for automatic publication to the Council's website. This will allow Councillors and residents to self-serve i.e., users will be able to access and interrogate the information as needed.
- 4.10 As part of the review of performance management a pilot exercise in the use of Microsoft Power BI has been commissioned; the pilot is intended to demonstrate how this self-service approach would work. The findings are not yet known, but the intention is to have any such service available ready for the new financial year alongside the implementation of the other recommendations in this report.

6. Detailed KPI Assessment:

- 4.11 As part of phase 2 every current KPI will be assessed with the data owner, Strategic Director, and portfolio holder as appropriate to determine if (a) the KPI should continue to be monitored or removed (b) if yes, whether it can be published as part of the self-service approach listed at 4.6 above or (c) whether it warrants inclusion in new Corporate Performance Management report.
- 4.12 In line with Councillor feedback, the assessment will also ensure that each KPI is user friendly, engaging, and easy to understand and, wherever possible, the KPI is adjusted to move away from dated charts and graphs.
- 4.13 It is also recommended that each directorate has a KPI section based around customer feedback and, where appropriate, benchmarking against neighbouring authorities.

7. Move to In-Year Financial Monitoring:

- 4.14 The Green Book currently monitors budgets by variation or exception, which has been used as a method to focus on areas of concern or anomaly. To take this approach further, it is

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recommended that service and staff budgets for each directorate are monitored on actual spend vs. planned or profiled spend. This will allow officers and Councillors to identify overspends or issues in advance of end of year reconciliation. Variations/exceptions will still be required in the performance management report for each directorate but should be built around in-year financial monitoring.

8. Separating Financial Information:

- 4.15 If performance management is structured by Directorate as proposed, it will not allow for separate Financial and Treasury Management sections as is currently the case in the Green Book. The recommendation for these sections is as follows:
- 4.16 **Financial Management Information:** The 11 reports in this section of the Green Book will need to be split out and adjusted to conform to the new structure. For example, items such as Community Infrastructure Funding and Car Parks Income would form a KPI and narrative that would sit under the Place Directorate. Employee Costs and Numbers would sit under Corporate Resources and so on. This will provide a more joined-up approach to directorate reporting and help to group related service information.
- 4.17 **Treasury Management Information:** It is recommended that the 4 reports in this section of the Green Book (Summary of external commitments, long term loans, deals outstanding and new deals undertaken) are removed from the performance monitoring publication and are published separately to either the Council website as part of the move to self-service, or taken independently to the Finance Task Group.

9. Renaming:

- 4.18 The 'Green Book' title causes confusion. It was initially named after the colour of the paper it was printed on. It may also be interpreted as the HM Treasury method in how to appraise policies, programmes and projects, referred to as the Green Book. The proposed name is the 'Woking For All Performance Report' or 'Performance Report' for short. This includes financial, project and operational performance.

5.0 Resources

- 5.1 The recommendations in this report will require significant effort to implement. The changes will have a direct impact on all contributors to performance management, particularly:
- 5.2 **Business Improvement** in the development of the plans and processes and creation of draft performance management versions alongside the existing Green Book. It is estimated that this work can be completed to schedule (Q1 2023/24) and within existing resources.
- 5.3 **Finance colleagues** will need to rebuild budgets to align to the new directorates, investigate steps required to move towards in-year reporting, agree the publication process for Treasury Management reports (subject to recommendation 4.9 being agreed) and work with Business Improvement on draft versions of the new performance management report to align financial reports to each directorate.
- 5.4 **ICT** in the implementation of Microsoft Power BI and the move towards the publishing of KPI's to the Council website or other such platform.

6.0 Corporate Strategy

- 6.1 Robust performance and financial monitoring underpin the effective delivery of the functions that the Council provides, which in turn supports the objectives listed in the Woking For All Strategy. A cross cutting theme in the Woking For All Strategy is a 'High Performing Council',

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and this review will help to achieve one of the stated priorities which is to 'develop and strengthen strategic financial planning and performance'.

7.0 Implications

Finance and Risk

7.1 No implications arise specifically from this report.

Equalities and Human Resources

7.2 None arising from this report.

Legal

7.3 None arising from this report.

8.0 Engagement and Consultation

8.1 Engagement and consultation have been undertaken with both Councillors and Officers and the feedback received has key to the creation of this report.

REPORT ENDS

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Proposed Structure of Council Performance Monitoring

