

# Review of Performance Management Arrangements – Monmouthshire County Council

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## Why we did this audit

### Our audit duties

- 1 This audit was undertaken to help fulfil the Auditor General's duties under section 17(2)(d) of the Public Audit (Wales) Act 2004 and Section 15 of the Well-being of Future Generations Act (Wales) 2015.

### Our objectives for this audit

- 2 Our objective for this audit was to:
  - gain assurance that the Council has proper arrangements to manage its performance; and
  - identify areas of the arrangements that can be strengthened.

## What we looked at

- 3 This audit focused on the Council's arrangements for managing its performance at a corporate and service level. It did not cover the Council's arrangements for individual/staff performance.
- 4 We have recently undertaken a review of performance information<sup>1</sup> focusing on outcomes and service user perspective information, and this review looked at what the Council is doing to respond to the recommendations we made in that report. We did not review the Council's scrutiny arrangements as part of this work.
- 5 We set out to answer the question: Does the Council have proper arrangements in place to manage its performance?
- 6 We did this by exploring the following questions:
  - Does the Council have a clear performance management framework that supports delivery of its corporate objectives?
  - Does the Council have arrangements to effectively monitor and challenge performance?
  - Has the Council reviewed the effectiveness of its performance management arrangements?
- 7 **Appendix 1** sets out the detailed questions we set out to answer along with the audit criteria we used to arrive at our findings.

<sup>1</sup> [Use of performance information: service user perspective and outcomes – Monmouthshire County Council](#)



## Our audit methods and when we undertook the audit

- 8 Our review was informed by document reviews and interviews with officers and members. We also held a focus group with officers.
- 9 We undertook the review during the period September 2024 to October 2024.

## Why performance management is important

- 10 It is important for councils to have effective performance management arrangements to help them understand their performance and progress towards achieving their objectives, and to act where necessary. As councils are increasingly facing significant financial and demand pressures, performance management arrangements are vital to help councils focus on achieving outcomes and to help determine if public money is being spent wisely. Performance management arrangements also help to hold members and officers to account.
- 11 The Local Government and Elections (Wales) 2021 Act<sup>2</sup> sets out a new improvement regime for councils. The Statutory Guidance on Part 6, Chapter 1<sup>3</sup> of this Act, which focuses on the exercising of performance and governance functions, underlines that the Act firmly defines councils as self-improving organisations through a system based on self-assessment and panel performance assessments. This approach is intended to build on and support a culture in which councils continuously challenge the status quo, ask questions about how they are operating, and consider best practice in Wales and wider. It is about 'seeking to ensure the best outcomes for the people they serve.'
- 12 Under the Act, the Council is required to keep under review the extent to which it is fulfilling the 'performance requirements' – that is, the extent to which:
  - it is exercising its functions effectively;
  - it is using its resources economically, efficiently, and effectively; and
  - its governance is effective for securing the above.

## What we found

- 13 Overall, we found that **the Council has proper arrangements in place to manage its performance and is proactive in identifying areas for improvement.** We set out below why we reached this conclusion.

<sup>2</sup> [Local Government and Elections \(Wales\) Act 2021](#)

<sup>3</sup> [Performance and governance of principal councils – Statutory guidance on Part 6, Chapter 1 of the Local Government and Elections \(Wales\) Act 2021](#)

## **The Council has a maturing performance management system that supports delivery of its corporate objectives**

- 14 The Council has clearly defined its intended outcomes in its Community and Corporate Plan 2022-28 and details how it will measure progress against them. Measures include a mix of inputs, outputs and outcomes, and the supporting Performance Management Framework enables the cascade of activity to the relevant service plans.
- 15 The Council has a service plan template that is applied consistently across most services. There are plans to continue to improve consistency through the existing quality assurance process.
- 16 The Council has a maturing performance management culture and is responding to recommendations made in Audit Wales's review of performance information<sup>41</sup>. Officers recognise there is a risk of optimism bias when assessing performance and the Council has adopted structured tiers of challenge at directorate and corporate level to mitigate this risk.
- 17 Members' and officers' roles in relation to performance management are clearly defined and understood. Officers can access a range of relevant guidance on the intranet and both officers and members spoke highly of the support available on request from the corporate team.

## **Inconsistent levels of detailed explanation for poor performance hinder otherwise effective arrangements to monitor and challenge performance**

- 18 The Council's arrangements enable it to recognise good performance and identify what it needs to improve. The comprehensive six-monthly reports and quarterly updates of performance dashboards and service plans enable members and officers to have sight of in-year pressures and issues that may require remedial decisions. But whilst performance reporting is moving towards being more balanced, there are examples where underperformance is not presented in as much detail as positive performance. This makes scrutiny of performance more challenging as it is not always clear what the reasons for underperformance are and how these are being addressed.
- 19 The Council reviews progress over a balance of timescales where data allows. Comparison of performance against other authorities is limited, but it is recognised that comparable information across Wales has been less readily available in recent years.

<sup>4</sup> [Use of performance information: service user perspective and outcomes – Monmouthshire County Council](#)

20 Corporate and directorate performance is partially aligned to financial and wider resource planning, with some reports being presented to members at the same time. By considering finances and performance together, members who are scrutinising performance get a more rounded view of whether the Council is achieving value for money. The Council could further strengthen its arrangements by presenting risk reports at the same time.

## The Council has reviewed the effectiveness of its performance management arrangements and identified areas for improvement

- 21 The Council conducts an annual self-assessment of its performance management arrangements to understand areas that may be further strengthened. Our review of the latest assessment found it to be an honest reflection which identifies relevant areas for improvement. Governance and Audit Committee receives the report and has the opportunity to challenge and comment on arrangements.
- 22 The Council has directorate level examples of engaging with other councils on performance management arrangements. This includes professional networks and wider engagement through the Welsh Local Government Company, DataCymru.
- 23 Whilst the Council has not formally explored learning opportunities at a corporate level, this does not appear to have had an immediate effect on its ability to self-reflect and seek opportunities for improvement.



## Our recommendations for the Council

### Exhibit 1: our recommendations for the Council

#### Recommendations

- R1 The Council should ensure that its performance management arrangements continue to support transparent and robust scrutiny of performance. In order to continue the progress already made, it should:
- increase the consistency of service planning;
  - promote the training resources and support available; and
  - ensure that areas of underperformance are consistently and adequately mitigated with robust explanation.

# Appendix 1

## Audit questions and criteria

Below are the questions we sought to answer in carrying out this audit, along with the audit criteria we used to arrive at our findings.

Main audit question: **Does the Council have proper arrangements in place to manage its performance?**

### Exhibit 2: audit questions and audit criteria

Level 2 questions	Level 3 questions	Criteria
<b>Does the Council have a clear performance management framework that supports delivery of its corporate objectives?</b>	Has the Council clearly defined its intended outcomes and how it will measure progress against these?	<p>The Council's Corporate Plan clearly articulates aims, priorities and intended outcomes.</p> <p>The Council has a Performance Management Framework that maps out how the Council plans and monitors progress against its objectives.</p>
	Does the Council have service/action plans to support delivery of its corporate objectives?	<p>Service plans show clear alignment to the Council's corporate plan, demonstrating how the service will help meet corporate objectives where relevant.</p> <p>Arrangements are in place to quality assure service plans.</p>



Level 2 questions	Level 3 questions	Criteria
	<p>Is there a performance management culture within the organisation?</p>	<p>Senior leaders drive the focus on, and underline the importance of, performance management.</p> <p>There is open and constructive debate about performance using an evidence-based approach to facilitate learning and accountability.</p> <p>Performance management is an integral part of how the Council operates.</p> <p>Members and officers have clearly defined roles in relation to managing performance.</p> <p>The Council provides performance management training to members and officers.</p>
<p><b>Does the Council have arrangements to effectively monitor and challenge performance?</b></p>	<p>Does the Council provide regular and robust performance reports that enable it to understand its progress against its corporate objectives and whether it is achieving its intended impact?</p>	<p>The Council produces regular (eg quarterly or biannual) performance reports that are evaluative and clearly show its progress against its objectives.</p> <p>The Council uses a wide range of performance information (qualitative and quantitative) to monitor and manage performance.</p> <p>The Council is addressing the recommendations we made in our performance information report (strengthening its outcomes</p>

Level 2 questions	Level 3 questions	Criteria
		and service user perspective performance information)
	Is the Council reviewing progress against a balance of short (one year), medium (one to three years) and longer-term (three to five years) objectives/outcomes?	<p>The Council produces performance reports that show progress against expected time points.</p> <p>The Council includes comparative information, trends, and forecasts.</p>
	Is Corporate and Directorate performance reporting aligned to financial and wider resource planning?	<p>Performance management is integrated with the Council's resource and risk management arrangements to ensure there is a rounded focus on delivery against the Council's objectives and to help it understand if it is achieving value for money.</p> <p>The Council presents its budget monitoring reports at the same meeting as performance reports to enable Members to consider resources and performance together.</p>
	Do the Council's arrangements enable it to recognise and learn from good performance, and tackle poor performance?	There is evidence of the Council taking action to address poor performance.

Level 2 questions	Level 3 questions	Criteria
		<p>The Council can provide examples of where its performance management arrangements have had a positive impact on service delivery.</p>
	<p>Is there effective oversight of performance?</p>	<p>Cabinet and Scrutiny make use of performance information to inform decision making and to enable them to understand and challenge performance.</p> <p>There is regular review and discussion of performance at senior management and Cabinet level.</p> <p>There are arrangements to manage performance at Directorate level and to escalate issues when necessary.</p> <p>There is accountability for performance.</p>
<p><b>Has the Council reviewed the effectiveness of its performance management arrangements?</b></p>	<p>Has the Council explored and learnt from how other organisations manage performance?</p>	<p>The Council has actively looked into how other organisations are managing their performance and can demonstrate the application of any learning from this.</p>

Level 2 questions	Level 3 questions	Criteria
	Has the Council reviewed and updated its performance management arrangements?	The Council has evaluated its arrangements to understand what works and what needs to improve and has taken action to strengthen its performance management arrangements as a result.





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