

Glasgow City Council Internal Audit Section

Committee Summary

Neighbourhoods, Regeneration & Sustainability – Performance Management

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of performance management arrangements within Neighbourhoods, Regeneration and Sustainability (NRS).
- 1.2 Managing performance is important for governance and accountability. It helps the Council to deliver its strategic and operational objectives; achieve Best Value; and can help to demonstrate that it is delivering efficient and effective services. Having effective performance management arrangements provides an important mechanism for scrutinising performance, identifying potential areas for improvement and for driving decision making. This includes local operational arrangements for measuring performance within services
- 1.3 Operational performance management focuses on measuring day-to-day activities to ensure they align with expected standards and that services are delivered effectively. This forms the basis for strategic performance management by providing the data and insights needed to monitor and assess progress toward broader strategic and operational objectives.
- 1.4 A Performance Manual, initially approved by the Council's Operational Performance and Delivery Scrutiny Committee (OPDSC) in August 2023 and subject to annual review, is available to all services to support the performance management arrangements.
- 1.5 The OPDSC Committee also plays a key role in overseeing the delivery of the Council's Strategic Plan (the plan). The plan is structured around four Grand Challenges, each supported by specific missions and commitments that Services are expected to carry out to achieve its objectives.
- 1.6 The purpose of this audit was to gain assurance that there are adequate controls in place for performance management processes within NRS.

- 1.7 The scope of the audit included a review of controls in the following areas:
- Indicator selection
 - Review and update processes
 - Target setting
 - Validation and Verification arrangements
 - Reporting and oversight
 - Escalation arrangements.
- 1.8 At the time of the audit, 887 indicators were being monitored across NRS, covering all service areas. As part of the audit testing, we selected a sample of 43 of these indicators for a more in-depth review.
- 1.9 The audit did not include any checks to verify the accuracy of the indicator figures being reported.

2 Audit Opinion

2.1 Based on the audit work carried out a **reasonable** level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and **three** recommendations which management should address.

3 Main Findings

- 3.1 We are pleased to report that the main key controls are in place and generally operating effectively. A dedicated Performance and Information Management Unit (PIMU) has been established within NRS to support performance management activities. PIMU hold annual workshops where senior management (including group managers and Heads of Service) and operational teams agree the indicators for the year ahead, considering any changes in priorities, legislation and working practices that may influence the performance information being measured. The final set of indicators are agreed by the senior management team (SMT).
- 3.2 NRS performance is primarily monitored using trend analysis rather than against specific targets to allow a better comparison of seasonal variations. For the areas where targets are in place, we found that these are in the main driven by statutory or legislative requirements but also include “benchmark” performance levels set by NRS that the services are expected to aim towards which are reviewed and agreed by operational managers at the annual workshops.
- 3.3 NRS PIMU submit periodic performance updates to the OPDSC as part of the quarterly reporting process on the Council's Strategic Plan Grand Challenges. This is to provide members with updates on actions taken under each Grand Challenge. There is no requirement for NRS to report individual KPIs to OPDSC as part of this update, or elsewhere to Committee. However, the link to the Grand Challenges is considered as part of the agreement of NRS KPIs in the annual workshops.
- 3.4 Monthly performance data is collated and reviewed by the PIMU who will challenge anomalies with managers when the data does not align with past or expected performance levels. Managers can then query any concerns with the data prior to it being discussed at monthly performance management meetings. These are held across each of the service areas and attended by operational managers, the PIMU and members of the senior management team.
- 3.5 Annually, the SMT will select a list of indicators for more detailed review (56 of the 887 indicators for 2024/25) and these will be regularly discussed at SMT meetings. Both the

monthly management and SMT forums support the ongoing review and refinement of indicators to ensure they remain relevant and valuable. New indicators can be introduced at any time, while outdated ones continue to be monitored until formally approved for removal.

- 3.6 Managers are expected to provide explanations and take follow-up action if needed when performance is not in line with expectations. Senior managers who attend the monthly performance management meetings held across the service also sit on the SMT. Where they deem it necessary, they can escalate issues from these meetings to the SMT for further scrutiny and vice versa. Escalated issues are assigned to a responsible officer with progress tracked by the SMT until resolved.
- 3.7 We met with the key responsible officers for each of the indicators selected for review to identify and assess the local arrangements being followed in each area to confirm if these aligned to the service's agreed processes. Overall, appropriate processes were followed for the indicators reviewed; indicators had clear purposes, were aligned with strategic priorities or legislative obligations, had recently been reviewed, and were subject to appropriate management oversight. Where required, statutory returns for the areas reviewed had been submitted as required.
- 3.8 However, we did identify some areas for improvement. KPIs in the monthly operational performance reports are RAG (red, amber, green) colour coded to reflect expected level of performance. We were advised that this is used as a prompt for discussions at the operational performance meetings and,

where necessary, any identified actions will be captured within the action log. The current format of the action log does not provide a full audit trail to demonstrate the rationale for closing actions. As no minute of the operational performance meetings is maintained, the link between the RAG status, discussions held, and the update and closure of actions in the action log is unclear. A red, amber, green status is currently not assigned to any KPIs recorded in the SMT performance report.

- 3.9 Operational management are accountable for performance indicators, including setting appropriate targets, ensuring data reliability for decision-making, maintaining clear escalation procedures, and promoting understanding of the data's purpose and use. However, our testing found that there was no guidance in place outlining the expected processes that management should follow. Our sample testing of indicators found that internal data verification was missing for some indicators with minor issues also noted around target-setting, follow-up/escalation arrangements and clarity/understanding of indicator purpose.

- 3.10 An action plan is provided at section four outlining our observations, risks and recommendations. We have made three recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.11 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.12 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.13 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Performance reporting arrangements are appropriate.				
1	<p>A RAG colour coding is assigned against the KPIs within the monthly performance reports. This is driven by the level of performance expected for each indicator.</p> <p>An action log is maintained for each service area to capture details of further work or actions to be taken forward. We were advised that the RAG colour coding is used as a prompt for discussions at the operational performance meetings and, even if a KPI is coded red, a corresponding action may not be required.</p> <p>However, in its current format, the action log does not provide a robust audit trail to demonstrate actions taken to address areas of concern, underperformance, or justification for actions being closed. A record of the discussions held at the operational performance meeting is not maintained and, as such, the link between the RAG status, discussions held, and the addition, update and closure of actions in the action log is unclear.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Review and update the current arrangements to ensure that a robust audit trail is in place to demonstrate the link between the RAG colour coding, discussions held at the performance meetings and actions identified and taken to address areas of concern, underperformance, and closure of actions on the action log. Ensure that the RAG status indicators are re-instated to the SMT reports following the completion of the review process. 	Medium	<p>Response: Accepted</p> <p>Officer Responsible for Implementation: The Performance and Information Management Unit will review and amend the existing Action Log to demonstrate the link with under performance levels and action taken and the closure of actions once complete.</p> <p>The Performance Manager will reinstate the RAG status for SMT Performance Indicators.</p> <p>Officer Responsible for Implementation: Performance Manager</p> <p>Timescales for Implementation: 31 December 2025</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>The format of the SMT performance report is currently under review as part of a wider exercise on the SMT performance reporting arrangements. The RAG status was removed temporarily as part of this process but is expected to be re-instated once the new reporting arrangements have been agreed.</p> <p>The lack of a robust audit trail increases the risk that sufficient evidence is not available to support the work, actions and decisions taken during the performance meetings.</p>			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Performance management arrangements are robust and can be relied upon.				
2	<p>Operational management are responsible for overseeing performance indicators including ensuring that data collected is accurate, reliable for decision-making and the purpose and use of performance data are well understood across the service. However, the expected processes to be followed for the management of performance indicator information is not documented.</p> <p>Through our sample testing of 43 indicators, we found:</p> <ul style="list-style-type: none"> Internal verification of data had not been undertaken for four cases. Spot checking of data was not undertaken as standard practice across all service areas we reviewed. Three cases where there was a lack of clarity and understanding of how the indicator was linked to operational/strategic priorities and/or how it added value to the service. <p>Whilst the PIMU will review performance data prior to its inclusion in formal reporting, their role does not extend to verifying the accuracy or validity of the underlying data or ensuring that the appropriate processes are in place and</p>	<p>Management should:</p> <ul style="list-style-type: none"> Review and update the current arrangements for managing performance data to ensure this includes a process to validate the underlying data used within the performance information being reported. Develop and implement clear guidance to outline the standardised processes for managing and verifying performance data. This should include direction to support managers in understanding the connection between operational activities and strategic, helping to ensure that performance management arrangements focus on monitoring the most appropriate areas. 	Medium	<p>Response: Accepted.</p> <p>The Performance and Information Management Unit will develop and implement guidance for operational services to ensure performance data collected is accurate and reliable for decision-making. The guidance will also ensure that there is an understanding between operational and strategic performance information.</p> <p>Officer Responsible for Implementation: Performance Manager</p> <p>Timescales for Implementation: 31 December 2025</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	being followed, which remains the responsibility of the operational teams. There is a risk of inconsistent practices across the service which may weaken the reliability of performance data being reported and impact the decision-making arrangements in place.			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Performance Management arrangements are being followed as expected.				
3	<p>Our sample testing identified some areas where there were issues in the processes being followed. Specifically:</p> <ul style="list-style-type: none"> Three cases where we were advised that the targets in place were unachievable/unrealistic. Two cases where follow-up/escalation arrangements were not in place and/or being followed as expected. <p>There is an increased risk that the data being reported to management for decision making purposes is not reliable and that performance issues are not promptly highlighted for review and/or follow-up.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Consider whether any update of the target figure is required for the indicators noted. Agree and implement appropriate follow up / escalation arrangements for the areas identified in the observation. 	Medium	<p>Response: Accepted</p> <p>The Performance Information and Management Unit in conjunction with the relevant service areas will review the targets sets for the 3 indicators identified in the audit.</p> <p>The Performance Management will implement an escalation process in conjunction with the two services areas identified in the audit.</p> <p>Officer Responsible for Implementation: Performance Manager</p> <p>Timescales for Implementation: 31 October 2025</p>