



HM Treasury

Government financial reporting review:

Performance Reporting Annex A
Best practice examples from 2022-23



Performance Reporting

What should accounts preparers consider in performance reporting?




Performance reporting must be **fair, balanced and understandable**.



To **build trust**, it must be **transparent** including achievements as well as where objectives have not been met and why.




It should be **straightforward and accessible** for users.

What is required within the performance report? 

- The performance report is required to have **two sections**: a 'performance overview' and a 'performance analysis'.
- The **performance overview** is a short summary of the full story of an organisation and its performance over the period covered by the report.
- The **performance analysis** provides a detailed view.

Further information can be found on this within the [22-23 FReM](#) (Government Financial Reporting Manual).

This chapter highlights some examples of best practice in performance reporting in organisations' ARAs. 



Performance Overview (1)

Reporting Issue

The performance section must include a statement of the purposes and activities of an organisation in a clear and concise manner. This is important as it allows the user to easily understand the entity's strategic objectives.

Example and why this is best practice

The example on this slide is from HM Revenue and Customs. It includes:

- ✓ Simple and concise language that is easily understood by users.
- ✓ Use of icons in the objectives so the audience can visualise the objectives.
- ✓ The information has been kept concise, with a link to direct the audience to further reading on HMRC's charter.

Performance overview

An overview of our performance in financial year 2022 to 2023, including information about our vision, objectives and the way we operate.

Our purpose and vision

HMRC is your tax service. We collect the money that pays for the UK's public services and give financial support to people.

Our vision is to be a trusted, modern tax and customs department.

Our values

- We are professional
- We act with integrity
- We show respect
- We are innovative

Our strategic objectives

Collect the right tax and pay out the right financial support



Make it easy to get tax right and hard to bend or break the rules



Maintain taxpayers' consent through fair treatment and protect society from harm



Make HMRC a great place to work



Support wider government economic aims through a resilient, agile tax administration system



Our Charter

The HMRC Charter sets out the standards our customers can expect when interacting with us and the experience we want to deliver. The Charter commits us to:

- getting things right
- making things easy
- being responsive
- treating customers fairly
- being aware of customers' personal situations
- recognising that someone can represent customers

+ Read the HMRC Charter at www.gov.uk/government/publications/hmrc-charter

Figure 1 – HM Revenue and Customs



Performance Overview (2)



Example and why this is best practice

The example on this slide is from the **Government Actuary's Department**. It includes:

- ✓ GAD have been transparent with the audience by detailing fully their purpose, vision and values.
- ✓ The use of simple and concise language aids the audience's understanding and makes the content accessible to all.
- ✓ The information is presented clearly with section headers so users can differentiate between areas.

Figure 2 – [Government Actuary's Department](#)

Purpose, vision and values of the Government Actuary's Department

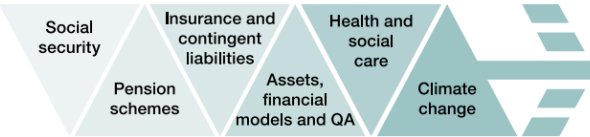
The mission of the Government Actuary's Department (GAD) is to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice.

We provide actuarial solutions including financial risk analysis, modelling and advice to support the UK public sector.

We apply the actuarial profession's technical skills, consultancy discipline, high standards of professionalism and industry sector knowledge to solve financial challenges faced by the UK public sector.

We are part of the analysis function in government.

Our areas of expertise continue to evolve and include:



- **Our vision**
 - **We make a difference:** Our work improves outcomes for the public and helps the government achieve its objectives.
 - **We partner effectively with our clients:** We proactively help our clients where we can add value and deliver innovative, cost-effective solutions to a wide range of issues.
 - **We are seen as a great place to work:** We provide fulfilling careers for all our people.
 - **Our value is recognised:** We are widely recognised and respected throughout the public sector as trusted experts in the fields of financial risk analysis and modelling.
- **Our values are the beliefs and behaviours which define us as an organisation. We are:**
 - **expert:** We provide high quality, professional advice
 - **collaborative:** We partner effectively with our clients to understand and address their business needs
 - **inclusive:** We value and develop all our people
 - **innovative:** We are forward looking, continually developing and improving to meet evolving client needs

GAD's strategy

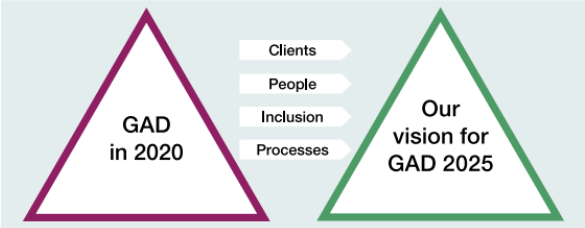
Our current five-year departmental strategy was launched in April 2020. The document can be read in full on our website.¹ Our strategy is centred around four strategic themes as set out below.

Clients
GAD aims to partner effectively with our clients to understand and address their changing business needs while raising our profile and developing new business to ensure we are helping the public sector wherever our actuarial skills can add value.

People
GAD aims to have people with the right skills in the right place, driven by what our public sector clients need us to do.

Inclusion
GAD aims to be a diverse, engaged team, working together to achieve our shared aims.

Processes
GAD aims to operate modern, innovative processes that support efficiency, quality and security.



What we do

GAD's principal activities are divided into the following areas:

Insurance and risk transfer
We provide actuarial advice to government departments, public bodies, local authorities and international development organisations on life, general and health insurance-related matters. Examples include: NHS Resolution, Department for Education (DfE) (Risk Protection Arrangement) and the newly created Department for Energy Security and Net Zero (DESNZ).

Performance Highlights (1)



Reporting Issue

The [Government Financial Reporting Review](#) also emphasised the importance of reporting the annual performance highlights of an organisation. Providing an overview of performance over the course of a year increases the understandability and usability of the ARA.

Example and why this is best practice

The example on this slide is from the **National Crime Agency**.

- ✓ NCA have grouped together, colour coded and categorised highlights that come under the same topic.
- ✓ The page has been presented in an engaging manner, with the use of icons and the colour coordination.
- ✓ The choices of figures used on this page is varied and relevant, which aids the audience in understanding the proportion of the achievement.

2021/22 in numbers*

In 2021/22, NCA activity led to:

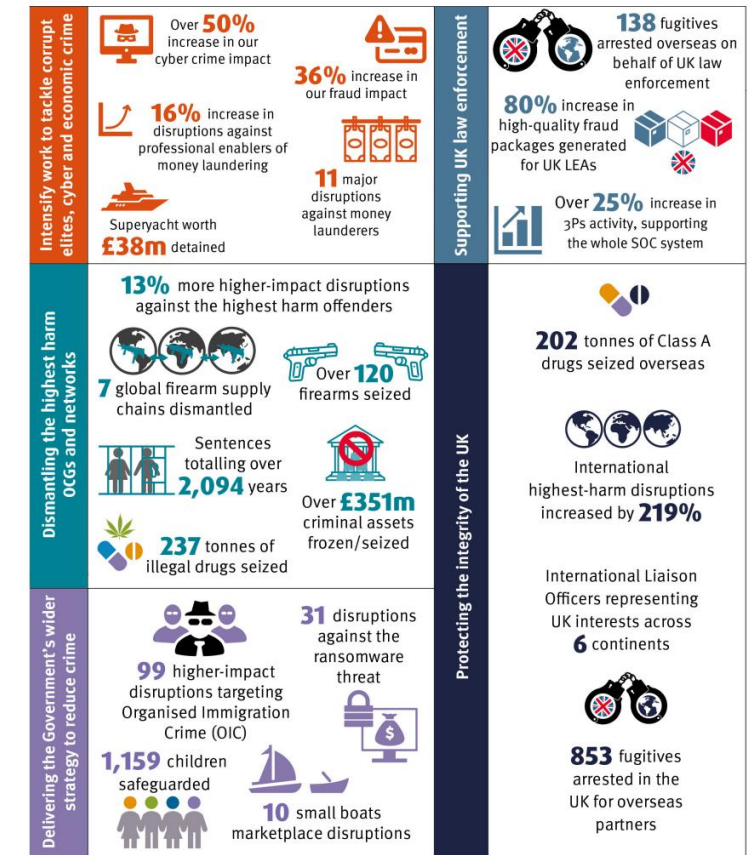


Figure 3 – National Crime Agency



Performance Highlights (1)



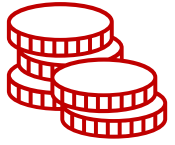
Example and why this is best practice

The example on this slide is from the Crown Prosecution Service. It includes:

- ✓ CPS showcase transparency by providing wider context for each highlight, for example they noted the proportion of the prosecuted cases that lead to a guilty plea or verdict.
- ✓ The information is visually appealing to users through its use of graphics and structure.
- ✓ The information has been summarised clearly, allowing users to easily understand the achievement against the CPS 2025 strategy.

Figure 3 – Crown Prosecution Service





High-level financial information (1)

Reporting disclosure

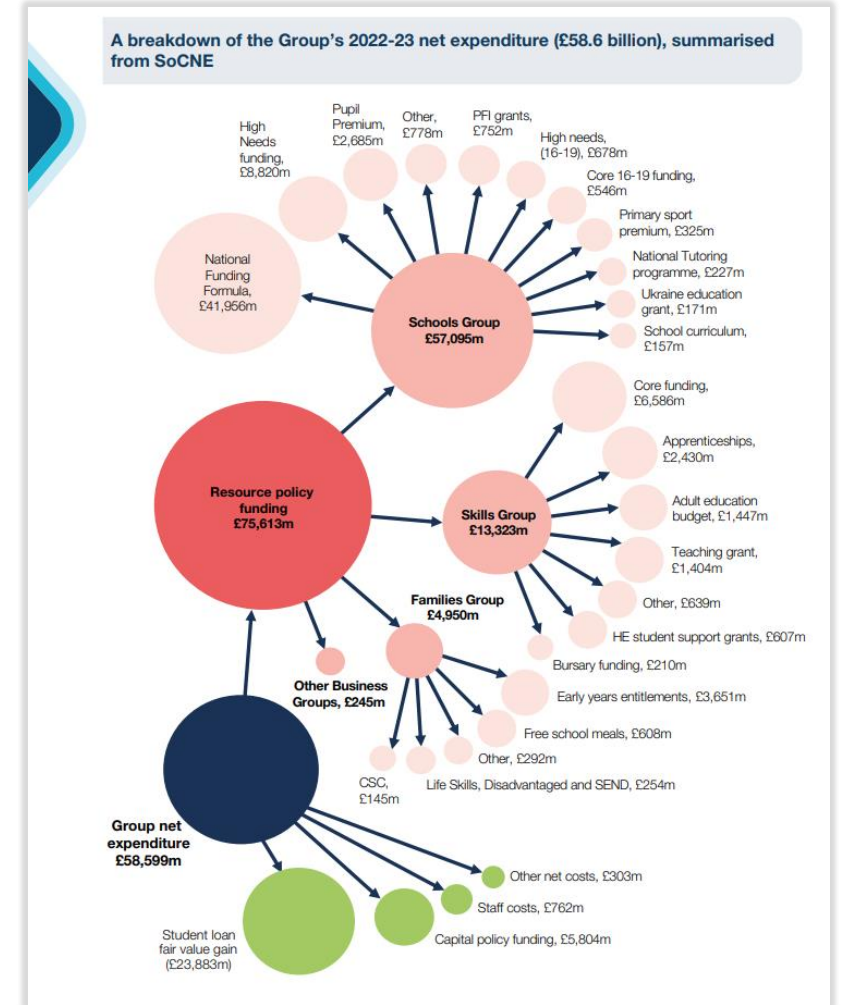
Further best practice forms of reporting to include in a financial review are detail on the type of spend incurred over the year; for example, on employees, administration, equipment or buildings.

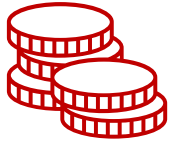
Example and why this is best practice

The example on this slide is from the **Department for Education**. It includes:

- ✓ DfE demonstrate transparency by breaking down to that level the group's net expenditure.
- ✓ The use of arrows and colour coordination support all users to understand how the budget is broken down.
- ✓ The information and diagram is presented clearly and is easy to understand.

Figure 5 – Department for Education





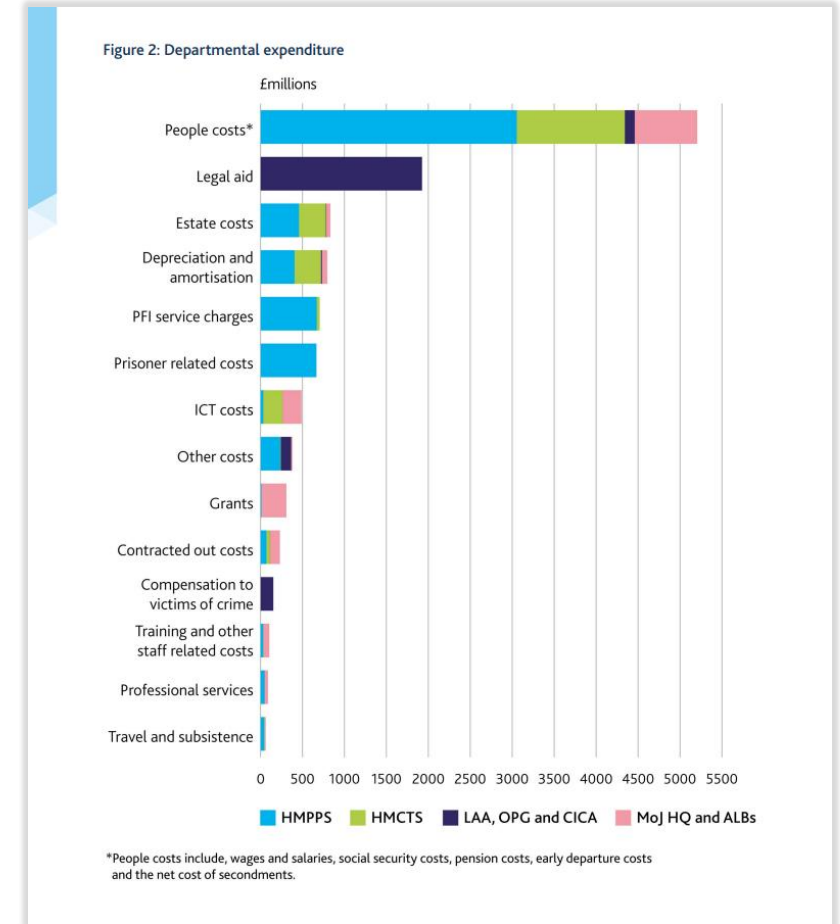
High-level financial information (2)

Example and why this is best practice.

The example on this slide is from the **Ministry of Justice**. It includes:

- ✓ The use of a stacked bar chart enables transparency as users see the total departmental expenditure for each cost, as well as a breakdown of MoJ's expenditure and ALBs.
- ✓ MoJ also have included a note below the graph to ensure the users are clear on what makes up the 'people costs'.
- ✓ The stacked bar chart has been presented clearly, with a key at the bottom and an appropriate scale so users can get a better understanding of the costs.

Figure 6 – Ministry of Justice





Trend data with commentary (1)

Reporting Issue

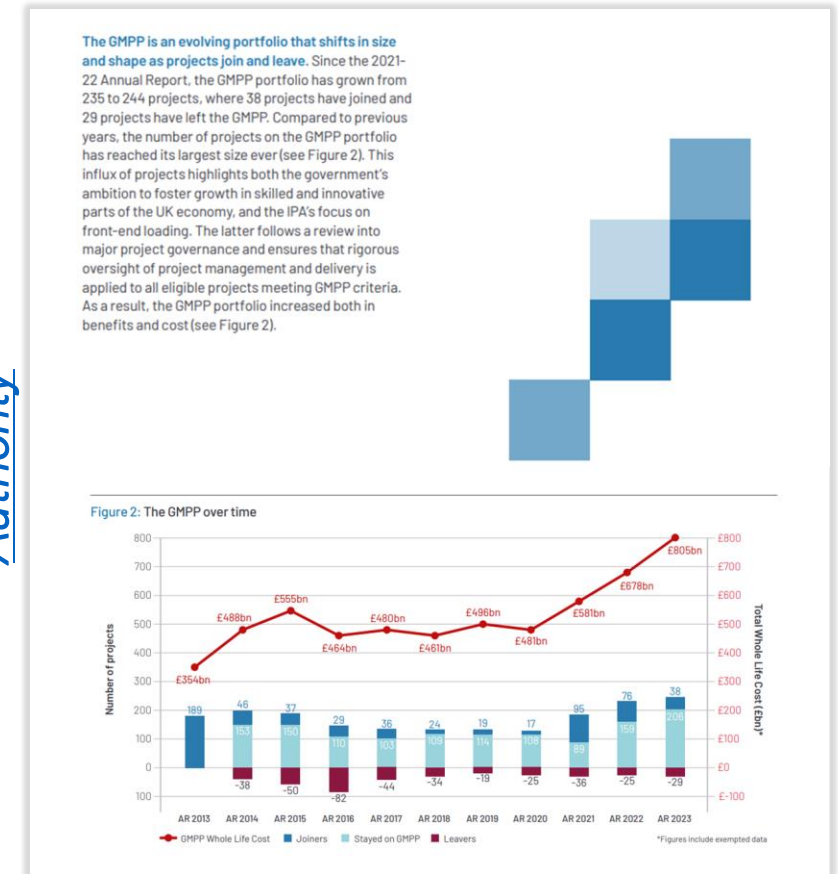
The FReM mandates that the performance analysis section of ARAs must include a prior year comparator for data presented, as this adds context for users. Data for years earlier than the prior year should also be included where available and where this provides relevant context. There is an expectation that trend data will build up over time as it becomes available.

Example and why this is best practice.

The example on this slide is from the **Infrastructure and Projects Authority**. It includes:

- ✓ Accompanying commentary has been provided above the chart to explain the reasoning behind the increase of GMPP projects over the years.
- ✓ The IPA provide the users with better insights and transparency, as they provide the trend of two data sets: A line chart for the whole line cost and a stacked bar chart to show the number of GMPP projects.
- ✓ The use of data labels, key and presentation enables users to easily read off the chart.

Figure 16 – Infrastructure and Projects Authority





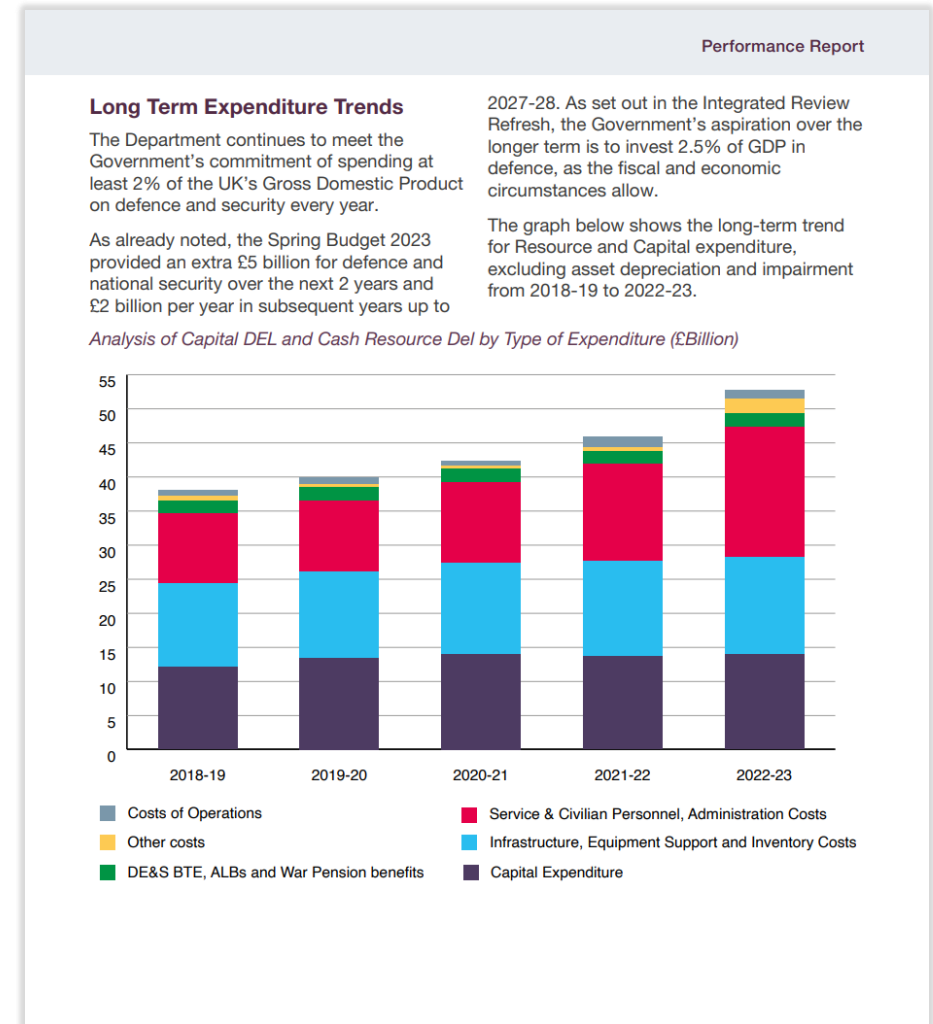
Trend data with commentary (2)

Example and why this is best practice.

The example on this slide is from the **Ministry of Justice**. It includes:

- ✓ The stacked bar chart has been presented clearly, with a key at the bottom and an appropriate scale so users can get a better understanding of the costs.
- ✓ In addition to seeing the trend of the total costs over the years, a stacked graph has been used so the trend of the cost categories can also be viewed.
- ✓ Providing further insights to the users, MoD have expanded on the chart by providing a narrative surrounding the government's budget commitment to defence.

Figure 8 – Ministry of Justice





Balanced reporting (1)

Reporting Issue

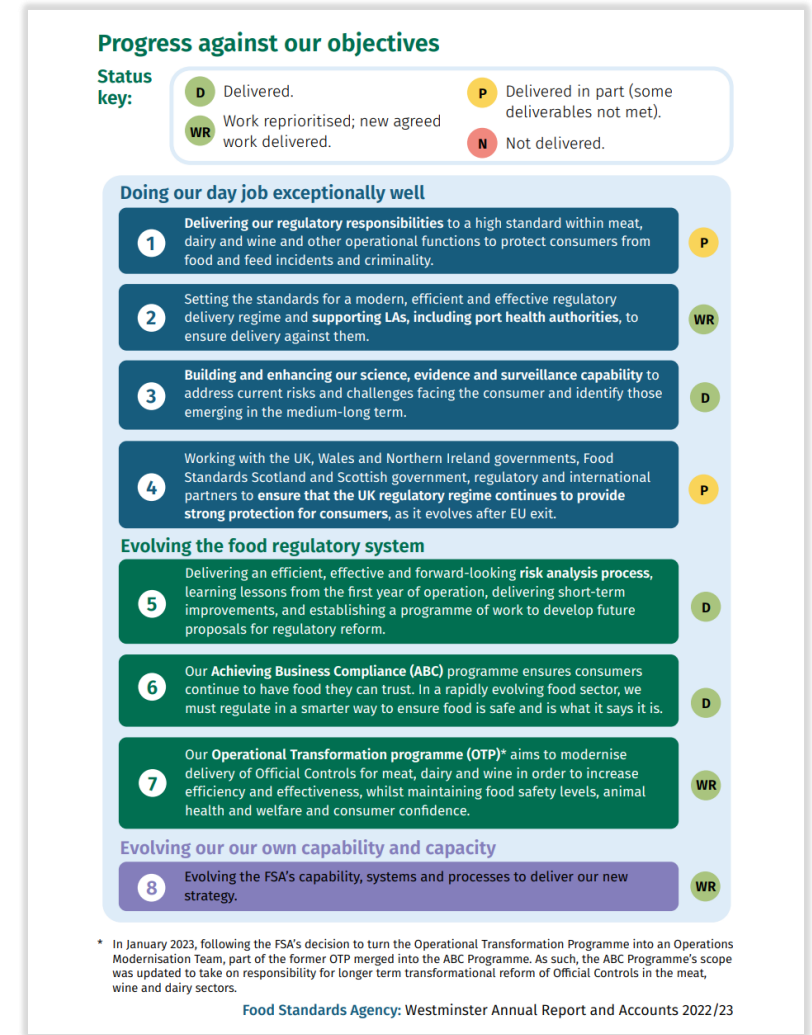
Organisations are expected to report the status of progress against their strategic objectives in a fair, balanced and understandable way.

Example and why this is best practice.

The example on this slide is from the Food Standards Agency.

- ✓ FSA have provided a RAG rating to be transparent on the status of each objective, including indicating areas where some deliverables have not been met.
- ✓ Each objective has been explained clearly, using language that is understandable to users, with key words in bold.
- ✓ The objectives have been colour coordinated and grouped together under themes, so the reader understands how they fit into the wider context.

Figure 9 – Food Standards Agency





Balanced reporting (2)



Example and why this is best practice.

The example on this slide is from HM Revenue and Customs. It includes:

- ✓ A clear update has been provided on the progress and status of each commitment.
- ✓ HMRC provide a detailed and honest reflection next to each commitment, explaining how commitments were or weren't met; or the actions needed to meet them.
- ✓ Figures, dates and percentage have been included 'what we have delivered' section.

Figure 10 – HM Revenue and Customs

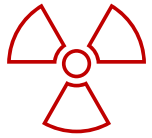
Performance analysis

Our commitments: strategic objective 2

In the financial year 2022 to 2023, alongside all our activity to make it easy to get tax right and hard to bend or break the rules, we made 5 commitments in this area. The table below details our progress against each commitment at the end of the financial year.

Status at the end of 2022 to 2023		
On track or complete	✓	Risk to delivery ▲ Not on track ✗

Commitment	What we delivered	Status
Contact Engagement Programme	We successfully decommissioned our legacy telephony system and rolled out a modernised platform to improve our telephony and customer service tools that has handled over 14.8 million calls up to the end of March 2023.	✓
Making Tax Digital for VAT	We met our commitment to roll out Making Tax Digital for VAT-registered businesses with a turnover below £85,000, who were mandated to use it from April 2022. Filing through this software is now the norm for 99% of VAT customers.	✓
Making Tax Digital for Income Tax Self Assessment (ITSA)	In December 2022 the government announced more time for customers and HMRC to prepare for Making Tax Digital for ITSA. Our focus is on enabling MTD-compatible software for ITSA from April 2026, making the filing of tax returns easier, fairer, less prone to error and closer to real time. We are reviewing whether or how the service can be shaped to meet the needs of small businesses. Read more on page 33.	▲
Single customer account	The Single Customer Account programme is providing customers with simple, secure and personalised services on the HMRC app and online. We have delivered a new online Child Benefit claims service and launched online features to view Child Benefit payments, get proof of entitlement or change bank details – so customers no longer need to call for these. This improves the customer experience and reduces costs to taxpayers. We need to deliver more services to meet our ambition for more customers to shift to digital services.	▲
Unique Customer Record	The Unique Customer Record will give a holistic view of every customer, unlocking greater potential for us to support customers who need help and identify those trying to avoid doing the right thing. We have embedded more effective governance to standardise and improve data quality, and how we access it. We also carried out our first test of a new 'data matching' tool, using over 1 million customer records - a crucial first step in merging data to provide a single view of each customer. After refining the tool's capabilities, we will test it on a further 8 million records. This commitment is Amber due to a delay in delivering some milestones this year.	▲



Risk reporting (1)



Reporting Issue

Risk reporting appears in both the performance and accountability reports in ARAs. The performance report should provide information on the risk profile of the organisation – the risks it faces, how risks have affected the organisation in achieving its objectives, how they have been mitigated and managed throughout the period and how this may affect future plans and performance.

Example and why this is best practice.






The example on this slide is from the **Serious Fraud Office**. It includes:

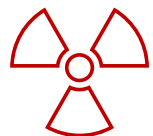
- ✓ A RAG rating and arrow indicate the severity of the risk which provides wider context.
- ✓ Each risk has been defined concisely with language that is comprehensible by users.
- ✓ The narrative aids with understandability as it defines principal risks and sets out what users can expect from the table.

Figure 15 – Serious Fraud Office

Principal Risks

The SFO's principal risks are those identified as critical potential inhibitors to the successful delivery of our mission and strategic objectives. Below is a description of the risks we face, their level of severity and an indication of their status compared to that outlined in the 2021-22 annual report.

Risk category	Risk level	Risk description
 Digital & Technology	Very high	Risk arising from a failure of technology to deliver the expected services needed to meet organisational goals; due to inadequate or deficient system/process development and performance or inadequate resilience.
 Information Management	High	Risk arising from a failure to securely, effectively manage data and information, which may lead to SFO not meeting its obligations under General Data Protection Regulation (GDPR) law.
 Legal Decision Making & Casework	Medium	Risk arising from defective casework practices, transactions or some other legal event that results in a liability, loss, or failure by SFO to meet ethical, legal or regulatory requirements.
 Security	Medium	Risk arising from a failure to prevent unauthorised and/or inappropriate access to SFO systems and assets; includes the loss or compromise of sensitive information, cyber-attack and eavesdropping, leading to potential major disruption to core business operations.
 Commercial	Medium	Risk arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives.
NEW Projects	Medium	Risks arising from the development, planning and delivery of organisational change programs and projects, including: <ol style="list-style-type: none"> Cost risks Scope risks Time risks Specification (performance) risks Schedule (planning) risks Communications risks etc



Risk reporting (2)



Example and why this is best practice.

The example on this slide is from HM Courts & Tribunals Services . It includes:

- ✓ A RAG rating to indicate the severity of the risk; and an arrow to show if the trend of the risk, have been used to provide wider context.
- ✓ Links between the risks and the organisation’s main priorities have been made, so users can understand the broader impact of that risk.
- ✓ HMCTS have also provided transparency by providing detail on the activities to mitigate against the risks, in language that is straightforward to users.

Figure 16 – HM Courts & Tribunals Services

Key	
Risk assessment as at end March 2023	Very high High Medium Low
Risk movement (from date risk identified to end March 2023)	Risk increase Risk decrease No risk movement At target score
Relation of risk to main priorities	People Insight Innovation Resilience Collaboration
Risk description	Examples of main controls and activities to manage risks
Recovery - performance is hindered by capacity and capability levers 	<p>A Gold/Silver/Bronze Command/Response Board structure is in place to be stood up as needed, to manage the immediate response to matters impacting recovery. An Operations Performance Committee reviews performance and ensures visibility on recovery plans. Regional 'deep-dives' are regularly undertaken. There is frequent and ongoing liaison between Strategy and Change, Operations and Finance, to ensure Operations are sighted on the development of reformed services and the savings envisaged. Jurisdictional Implementation Steering Groups allow for issues to be raised by Operations, with Strategy and Change, about the impacts of workarounds and delays.</p> <p>To maximise our estate we maintained 30 Nightingale venues through to the end of March 2023 and funding was secured for 24 Nightingale hearing rooms for 2023-24. There were an extra 2,000 sitting days allocated to the Immigration Appeals Chamber in November 2022 to assist with spikes in workload.</p> <p>There was ongoing collaboration between HR and Operations to understand the people picture, including staff absence rates and wellbeing. We continued rolling recruitment in regions/roles with the greatest attrition and/or highest operational impact. In December 2022 it was agreed that a number of staff fixed term contracts could be converted to permanent and the 'flexibility ratio' was reduced to 15% (or 10% in exceptional circumstances) to assist with retention, capability and morale issues.</p> <p>To deal with the impact of industrial action, both internal and external, a national Industrial Action Planning Group was stood up.</p>
Operational failure – significant delivery failures in operations 	<p>The monthly Serious Incident Forum was refreshed to improve methods for identifying serious operational issues and trends that require remedial activity. The most serious incidents are the subject of either national or regionally-led Serious Incident Learning Reviews, processes for which have been embedded. Various national groups (Service Excellence Committee, Innovation and Change Forum, Operational Excellence Working Group and a Frontline Forum) contribute to the sharing of best practice. A quarterly Service Assurance Framework also provides scrutiny of the quality of operational service delivery and improvements.</p> <p>HMCTS Gold Command took part in a cross-MOJ scenario planning event on 19 October 2022 to test our response to a National Power Outage. Winter planning events were rolled out to Operations and headquarters, and a workshop on power outages was held for headquarter teams and Operations. We participated in a cross-Whitehall real-time exercise (Mighty Oak) in March 2023. An energy risk planning template has been published for sites to utilise.</p>



Compliance with FReM 5.4.5 (D)

Example and why this is best practice.

As part of the performance reporting thematic review in 2023 key stakeholders flagged that they would find increased compliance with FReM 5.4.5 (D) useful.

HMT as part of that performance reporting thematic review designed this waterfall graph as an example of how the SOPS 2 information may be presented in a graphical form that complies with the requirement of FReM 5.4.5 (D)

Figure 17 – HMT's Performance Reporting Thematic Review

