

CLIENT CASE STUDY

Using Covalent to track budget over/underspend at cost centre level at Rugby Borough Council

Rugby Borough Council chose Covalent as its corporate performance management solution in 2004. Since then the Council has worked to embed a new performance culture throughout the organisation. After receiving a low score on some of its Use of Resources KLOEs, Rugby BC wanted a streamlined approach to importing, managing and linking disconnected departmental expenditure and income data from its financial system as part of its company-wide restructure of budget monitoring and performance in 2007. Rugby BC uses Covalent to track actual performance against budget and to reforecast based on any variances.

'Monitoring performance and finance together has been a major culture change. It's easy to keep putting it off but when you come up with **a format that works** it's a real achievement and Covalent has helped us to create a really successful performance management process at Rugby BC.

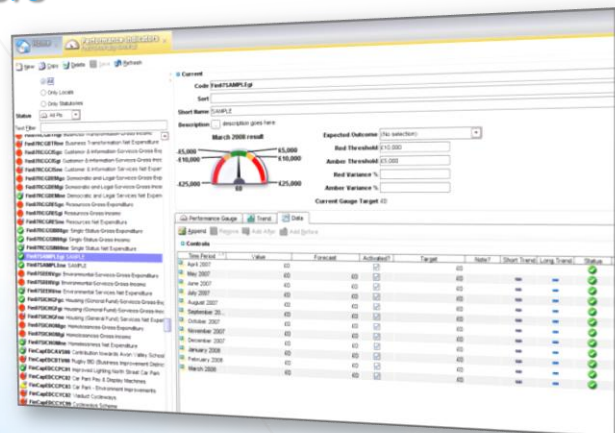
'Initial buy-in from the top really paid dividends and users and responsible officers now log-in regularly. The CEO is able to **accurately monitor departmental budgets** through Covalent in terms of actual expenditure, income and commitment against target. Covalent not only allows us to tick boxes for assessments but also provides us with a **single, accessible source** of information for all key data, **greater ownership** of budgets, and **increased accessibility** for portfolio holders. We have also been able to improve "open and honest working" as members can see everything that employees can see on the system. Perhaps most importantly, we saw the benefits from the start when a **departmental underspend was clearly identified** using Covalent.'

Nik Moore, Corporate Performance and Improvement Manager, Rugby BC

Simple importing of Performance Indicators

Within Covalent, Council staff have set up 194 Performance Indicators (PIs) – one for each cost centre – with pre-defined thresholds for the traffic lighting on current status. Every month data on net expenditure (NE) is exported from the finance system (Agresso) into a spreadsheet for **General Revenue, Capital Scheme and Housing Revenue cost centres**. Using this data, a revised forecast for future months is then calculated by adding the current variance and future target. This revised forecast and the actual results for NE are then imported directly into Covalent.

Rugby uses **Covalent's 'Goldilocks' gauges** for this data, as some expenditure is expected but the target should not be too high or too low. These gauges show the desired 'green' zone centrally, straddled with amber and red zones either side.



The screenshot shows the 'Triggers' configuration screen in Covalent. It allows users to set up triggers for specific performance indicators. The 'Trigger 1' section is active, showing 'Trigger when' set to 'Amber to Red'. The 'Notification Method' is set to 'via email'. The 'Recipients' are set to 'Responsible Officer', 'Head of Service', and 'Portfolio Owners'. There is also an 'Additional Message' field and a 'Trigger 2' section below it.

Proactively managing performance with triggers

Rugby sets triggers to alert users on each PI whenever the value results in a 'red' status, i.e. when it is off target. In order to **proactively manage exceptions**, assignees are then required to enter a note covering four key points: the reasons why the PI is at red; what is being done to correct it; when it is likely to be back on track; and whether any additional resources are required.

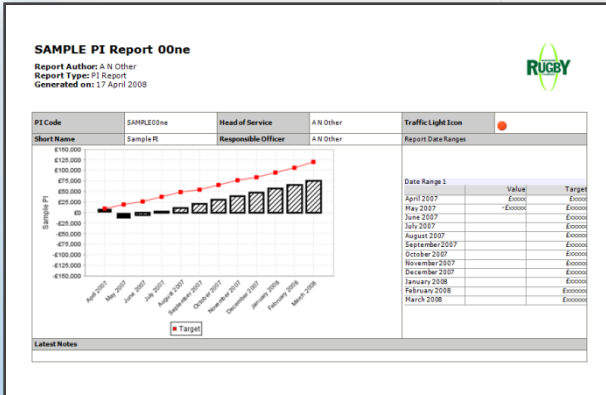


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Comprehensive integrated reporting

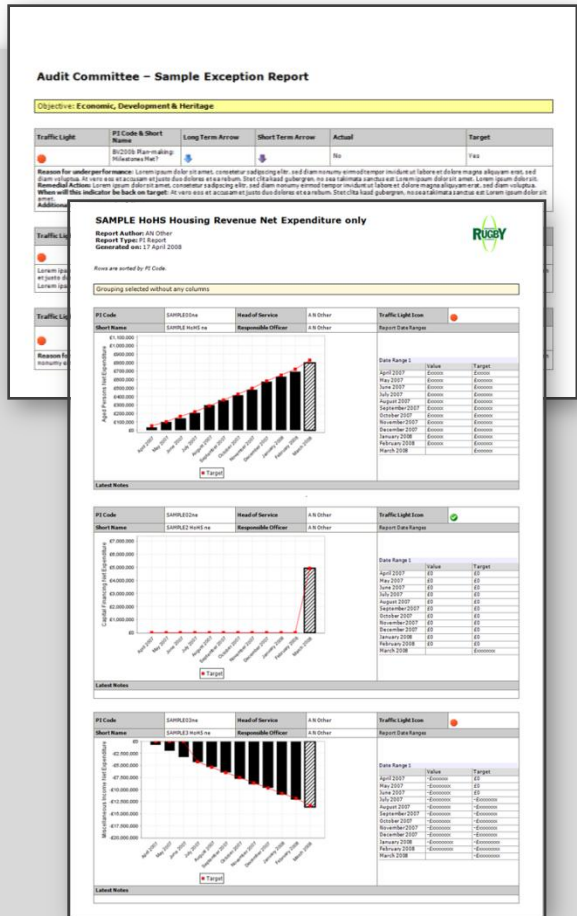
Rugby BC has set up a series of report templates within Covalent for reporting budgetary performance across each service area. These can be full **RAG reports** (Red Amber Green) or **exception reports** (just PIs at red, as shown on the example below), depending on the needs of the audience.

The report charts **actual performance** for each month (black bar) and also the **forecasted value**, based on performance to-date and original targets for future months (the cross-hatched bars on the chart). The target is shown as a red line on the chart. A full data table of results is also included in each report, as well as any **explanatory comments** or notes.



'Our reporting framework period has been **significantly reduced** since we began using the software. Most notably, uploading up to 20,000 cells of data now takes **less than 20 minutes** per month, and our core financial spend is now visible within one week of month end.'

Doug Jones, Change Officer, Rugby BC



'We use reports to show monthly profiling, forecast, actual budget spend, target line, long and short-term trends, and month-by-month status.'

'Exportable graphs are a **real benefit** for interpreting the figures and give a great overview of what is going on. We can then **determine quickly** where review with an accountable officer is needed.'

Mark Hurst, Group Accountant, Rugby BC

Managing PIs effectively

Rugby has established a wide range of performance indicators that it uses to measure organisation-wide performance. Each PI is **traffic-lighted** based on percentage variance away from target.

Covalent's mandatory coding framework is **key to the functionality** of finance and performance at Rugby BC. All PIs are grouped by code on each user's personalised Home page and in the PI directory, which makes it simple for officers to **locate and update** PIs efficiently.

