MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

Corporate Performance and Risk Management Framework

Executive Member for Finance and Governance

Executive Director of Commercial and Corporate Services

14 July 2015

PURPOSE OF THE REPORT

1. To propose a new, integrated Performance and Risk Management Framework for the Council, built around Balanced Scorecards, to be launched to managers and staff in Quarter Two 2015/16.

SUMMARY OF RECOMMENDATIONS

2. That Executive approves the Performance and Risk Management Framework outlined in this report, for implementation from Quarter Two 2015/16.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

It is over the financial threshold (£150,000)	
It has a significant impact on 2 or more wards	
Non Key	**X**

DECISION IMPLEMENTATION DEADLINE

For the purposes of the scrutiny call in procedure this report is:

Non-urgent	**X**
Urgent report	

BACKGROUND AND EXTERNAL CONSULTATION

Background

3. On 7 October 2014, the former Executive approved the implementation of the Balanced Scorecard model of performance management within the Council.

4. Balanced Scorecards would provide a single and simple "dashboard" view of progress towards each of the Council's nine targeted outcomes, across four perspectives (Customer, Business, Finance and People) – which though clearly interrelated, have previously been reported upon separately – together with an assessment of high level risks associated with each outcome.

5. By focusing on key performance indicators, Balanced Scorecards would allow the Council to streamline the number of measures used within its performance management framework. In addition, a new target setting process was agreed, with a presumption that 'floor targets' will be set for all measures in order to clearly flag where performance is below minimum levels.

6. Scorecards would be established at the top three levels of the organisation:

Level	Descriptor	Owned by...
1	Whole service level (i.e. the three outcomes that an Executive Director oversees) plus service specific items with corporate relevance.	Executive Director
2	Individual service area level (i.e. an outcome that an AD oversees) plus single unit items with a departmental relevance.	Assistant Director
3	Individual unit level (i.e. an individual contributor to an outcome).	AD direct report

7. In addition, a number of standard measures would feature in all Scorecards to promote comparability on general value for money issues between service areas, such as effectiveness of project management, budget management and so on.

8. Members and Corporate Management Team would always consider Level 1 and 2 Scorecards as a package. This will allow cause and effect to be considered not only within Scorecards (e.g between financial and performance information), but also *between* Scorecards (e.g. between community support and safeguarding services).

Progress to date

9. Much work has been undertaken at an officer level since October 2014 in undertaking the parallel tasks of developing three-year Outcome Delivery Plans (ODPs) for the Council (which will be reported to Executive in July 2015 as part of the Council's new Strategic Plan) and designing the performance management arrangements that will underpin the delivery of the ODPs.

10. Initial Balanced Scorecard measures have now been agreed at the three levels identified in paragraph 6, and monitoring of performance against these Scorecards is now being piloted at officer level.

11. It is now appropriate that the Council's Performance Management Framework is revised to support the introduction of Balanced Scorecards within the organisation and to increase the focus on effective planning and delivery to plan with an increasingly financially-constrained environment.

Performance Management Framework

12. The Council's Performance Management Framework, like all such frameworks, is based on the cycle of **Plan-Deliver-Review-Revise**, which applies at all levels of the organisation.
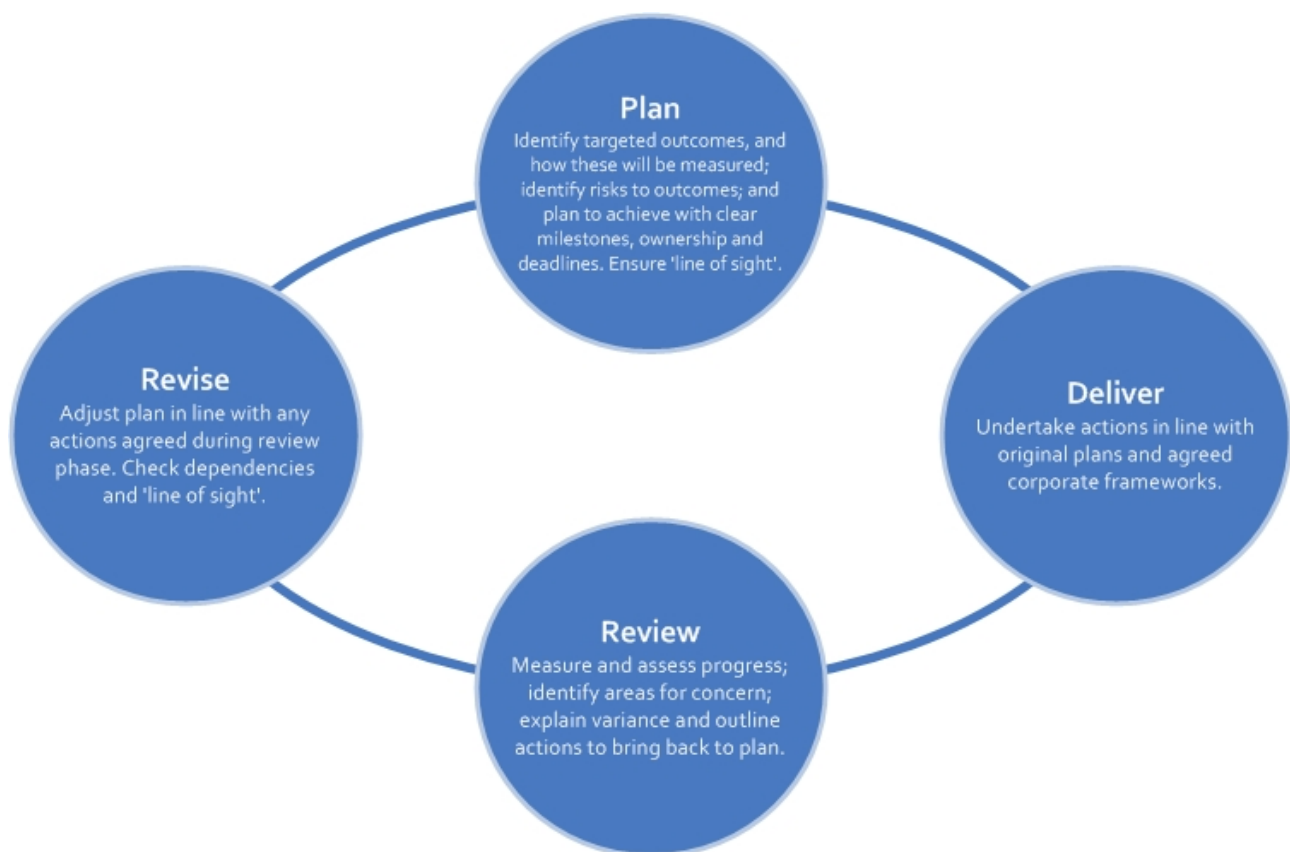
Plan

13. Over the last six months, the Council has undertaken significant activity to plan and align future actions:

    - the Change Programme strategy document has been refreshed for the period 2015-2018, setting out the Council's business strategy;
    - nine Outcome Delivery Plans have been developed, which outline how key outcomes will be delivered over the period of the Change Programme, aligning with the design principles of the programme;
    - Balanced Scorecards have been developed at the three most senior management levels of the organisation, to track progress in delivering the Outcome Delivery Plans, and to clarify accountability for this;
    - the Middlesbrough Manager and Employee Competency Frameworks are being embedded within the organisation via a new appraisal process, which will align individual objectives with the overall approach.

14. As set out in the report to Executive on the Council's Strategic Plan 2015-18, this activity will provide clear line sight from top to bottom of the organisation. Action is now required to refresh the Council's approach to the **Deliver** and the **Review** and **Revise** phases of the cycle (which are generally undertaken in parallel).

Deliver

15. The Chief Executive and Corporate Management Team have been clear that performance management is 'everyone's business', and these responsibilities are clearly set out within the Middlesbrough Manager and Middlesbrough Employee Competency Frameworks.

16. The key principles of the new framework will be:

- everything we do is geared towards achieving our strategic objectives;
- all of our objectives will be SMART and interlink, from top to bottom;
- all of our objectives will reflect agreed budgets;
- we have up-to-date risk registers, setting out how will deal with threats;
- we have up-to-date plans in place for all services, programmes and projects;
- we have robust systems in place to monitor and report performance; and
- unit costing and appropriate benchmarking will inform everything we do.

17. To support all employees to deliver, an interactive performance management toolkit will be developed and issued to managers across the organisation before the end of July 2015, in line with the process for all policies that are being revised in line with the Middlesbrough Manager competency framework. The outline content of this toolkit is attached at Appendix 1 for consideration, and will include a set of guides on 'how to':

- identify appropriate performance measures;
- ensure data is of appropriate quality;
- set SMART targets;
- set SMART objectives;
- plan and manage service performance;
- plan and manage programmes and projects; and
- identify and manage risk.

Review and Revise

18. In respect of **Review** and **Revise**, it is proposed to introduce a consistent and integrated monitoring process at officer level that identifies, at all levels of the organisation, slippage and mitigations for this in a timely manner and ensure that all plans (annual and medium-term) are updated accordingly.

19. The measures identified for Level 2 Balanced Scorecards – corresponding with ODPs – are attached at Appendix 2. Some of these measures are new and will be introduced in 2015/16 – these are highlighted in black. Other measures will be added as part of the ongoing refinement of Scorecards, in particular new customer measures identified via the Council' Customer Strategy.

20. Appendix 3 provides a simple summary of how the monitoring of such measures will work, proposing a sequence of clinics built around Balanced Scorecards, from Head of Service to the corporate level (at LMT), within six weeks of the end of the quarter.

21. Initially, the Performance and Partnerships Service will collate and issue Levels 1-3 Balanced Scorecards one month after the end of each quarter. In due course, the ongoing implementation of business intelligence solutions across the Council will allow managers to draw down Balanced Scorecard information on a self-serve basis. It is anticipated that this model will be in place by the end of April 2016.

22. From this point, informal officer clinics will be held to identify on slippage, impact and mitigation:

- Heads of Service will discuss with their managers issues and mitigations at Level 3;
- Assistant Directors will discuss with their Heads of Service issues and mitigations at Level 2 (Assistant Directors may choose to merge Level 2 and 3 discussions, if practicable); and
- Executive Directors will provide robust challenge and discuss with their Assistant Directors issues and mitigations at Level 1.

23. Appropriate attendees from Performance and Partnerships and Finance and Investment will be available to advise and support at all clinics.

24. The output from the clinic process will be a comprehensive and composite quarterly progress report, with a clearly defined set of actions and revisions to appropriate milestone plans. The Chief Executive would then discuss and sign-off this report at a formal corporate clinic with LMT, no later six weeks after the end of the quarter. The standard reporting format for LMT is attached at Appendix 5.

25. Following this, as part of their regular meeting arrangements, Assistant Directors will update their Executive Portfolio holders on any performance issues arising from the process and plans that are in place to address these issues.

26. The quarterly report will then progress to Overview and Scrutiny Board, with appropriate directorate representation, to ensure that queries in response to the improvement plans presented can be fully answered.

27. These timescales are tighter than in the past, and their achievement will be dependent on all parties being more disciplined in the provision of data than now. Data owners have been identified for all measures within Balanced Scorecards and will be briefed on their responsibilities to this process, if agreed. The introduction of new applications across the organisation will assist in the production more accurate and timely management information in due course.

28. This process is in line with a current corporate planning cycle (Appendix 5), which sets out the performance management tasks to be undertaken within each month of the year,= and establishes the interrelationship between the annual and the medium-term framework provided by ODPs.

29. The proposed quarterly monitoring process for Balanced Scorecards will be supported by a revised performance management process for the Change Programme, to ensure that this is more integrated into the Council's business practices, as follows:

- on a quarterly basis, Executive session will act as the Change Programme Board and consider:
  - o overall performance against financial expectations,
  - o overall performance against programme milestone expectations,
  - o key actions and outcomes scheduled for the following quarter, and
  - o progress / completion of key actions and outcomes for the previous quarter.
- individual projects within the Change Programme will be discussed, developed and monitored through the regular meetings that Executive Members have with their Executive Directors and Assistant Directors; and
- individual projects will be reported, updated and communicated as appropriate through existing channels, such as Informal Executive sessions, Executive Member updates to Council and Executive reports.

Risk Management

30. There is a clear similarity between the objectives and core processes of risk and performance management, which can essentially be viewed as two sides of the same coin. Both systems support the achievement of the Council's strategic priorities, with performance management identifying and monitoring what is required to achieve priorities and risk management addressing those hazards that may occur to prevent this.

31. The proposed revised Risk Management Strategy for the Council (at Appendix 6), therefore better integrates the identification, mitigation and review of risks within the Council's performance arrangements. The main proposed changes to the strategy and approach are set out in the following paragraphs.

32. All risks are scored against the Council's risk matrix (set out below).

Probability							
	Almost Certain >80%	5	Low (5)	Medium (10)	Medium (15)	High (25)	High (35)
	Likely 51% - 80%	4	Low (4)	Low (8)	Medium (12)	High (20)	High (28)
	Possible 21% - 50%	3	Low (3)	Low (6)	Medium (9)	Medium (15)	High (21)
	Unlikely 6- 20%	2	Low (2)	Low (4)	Low (6)	Medium (10)	Medium (14)
	Rare <6%	1	Low (1)	Low (2)	Low (3)	Low (5)	Low (7)
			1	2	3	5	7
			Insignificant	Minor	Moderate	Major	Extreme
			Impact				

	1 – Insignificant	2 – Minor	3 – Moderate	5 – Major	7 – Extreme
Health and Safety	Minor injury	Superficial injury	Minor disability	Severe disability or fatality	Multiple fatalities
Financial	<£0.1m	£0.1 - 0.5m	£0.5 - £1m	£1 - £3m	>£3m
Legal compliance	Litigation, claims or fines reflecting above financial impact levels				Judicial Review / Public Inquiry / Intervention
Reputation	No publicity	Adverse internal publicity	Adverse local media coverage	Adverse national media coverage	Lasting adverse national coverage

33. All risks will be managed in line with Council's Risk Appetite Statement (set out overleaf), which sets out the risks the Council is willing to seek or accept in the pursuit of its strategic objectives and outcomes. The targets set out in this statement are reflected in the targets for standard measures within Balanced Scorecards. The risk appetite will be refined by Executive and Leadership Management Team throughout the 2015/16 and reviewed on an annual basis thereafter.

Corporate Risk Appetite

- Any current RED risks (with a current score of above 20 on the Council's risk matrix) must be wherever possible managed down to the lowest practicable immediately.
- Any current AMBER risks (with a current score of 9-15) must be wherever possible managed down to the lowest practicable level within three months.
- Any current GREEN risks are accepted and no specific action is required.

Subject to the above:

- At least 80% of employee objectives (as set out in appraisals) must be achieved annually.
- At least 90% of business plan objectives must be achieved annually.
- Programmes and projects must be managed within 10% tolerance.
- At least 90% of risk mitigation plans must be achieved annually.
- At least 75% of Balanced Scorecard targets must be achieved annually.
- Budgets must be managed within 10% tolerance.

34. When, following review, risk scores move outside of the Council's risk appetite, or where risk controls have failed, or are no longer effective in reducing a risk, this must be escalated by the risk owner to the next level of management as soon as possible and appropriate mitigation plans put in place to ensure that the risk complies with the Council's risk appetite as soon as practicable. Any mitigation plans instigated will be set out in the quarterly Balanced Scorecard update report. Guidance on reports to Executive will be reviewed to unsure that the standard section on risks reflects the corporate risk appetite.

35. The process for identifying, reviewing and mitigating relevant risks will be aligned with the key steps of the Council's Performance Management Framework (Plan-Deliver-Review-Revise). Integrating with the Balanced Scorecards process, risk registers will be developed and managed on a quarterly basis at the three most senior levels of the organisation.

36. Any risks for which the residual scores fall within Amber and Red on the Council's risk matrix (below) will require, wherever practicable, a mitigation plan to manage them down the lowest practicable level – immediately for Red risks, and within three months for Amber. Progress against these mitigation plans will be monitored by Assistant Directors and tracked through the Balanced Scorecard clinic process.

37. In addition, the strategy clarifies roles and responsibilities in relation to risk management across the Middlesbrough Manager population. This will be supported by a manager's toolkit and classroom training delivered by Zurich Municipal (the Council's insurer) for senior and middle managers. Further training for frontline managers and employees will be delivered via the Council's forthcoming e-learning solution.

38. Risk management within programmes and projects will conform to the Risk Management Strategy but will be undertaken at a level and frequency to be determined by the Council's forthcoming Programme and Project Management Framework.

IMPACT ASSESSMENT

39. A Level 1 impact assessment has been completed on the proposed corporate Performance Management Framework (at Appendix 7), with no adverse impacts

identified. The assessment found the effective implementation of Scorecards would further promote the achievement of the Council's targeted outcomes.

OPTION APPRAISAL/RISK ASSESSMENT

40. There is a range of options in relation to the recommendations outlined in this report.

Option 1: Status quo – not recommended

41. This would involve the continued consideration by members and officers of a multiple reports at a range of frequencies, assessing performance in relation to customer, business, finance and people. This is inefficient and does not promote joined-up consideration of the Council's performance, so is not recommended.

Option 2: Alternative approaches – not recommended

42. There are a number of alternative approaches, that would involve streamlining and enhancing the Council's performance management arrangements, but all are essentially 'half-way houses' between the status quo position and the fully integrated approach offered by Balanced Scorecards, and so are not recommended.

Option 3: Proposed approach – recommended

43. Balanced Scorecards will offer a single and streamlined view of performance across all perspective, and progress towards the Council's targeted objectives. This is the most efficient and effective approach to performance management within the Council and so is recommended.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

44. **Financial implications** – The approach outlined is consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

45. Targets and actions contained within the Performance Management Framework will be set out within the forthcoming Strategic Plan and will be always be consistent with those set out in the Mayor's Budget.

46. The approach outlined in this report will allow the Council to contribute to the reduction in expenditure on service support for performance management required by the Change Programme, which amounts to a 50% reduction on the 2012/13 baseline by the end of 2016/17.

47. **Legal implications** – the approach outlined is consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

48. Risk management is a key element of corporate governance, and the Council has various legal duties that require the effective management of risk.

49. **Ward Implications** – none at this stage, though it is anticipated that due to planned ICT enhancements, it will be possible to introduce a geographic breakdown of performance on certain measures into Balanced Scorecards in due course.

RECOMMENDATIONS

50. That Executive approves the Performance and Risk Management Framework outlined in this report, for implementation from Quarter Two 2015/16.

REASONS

51. To enhance monitoring and management of performance and risk at both a member and senior officer level to enable the effective delivery of the Council's targeted strategic outcomes.

PAPERS

None

AUTHOR: Paul Stephens, Head of Performance and Partnerships
TEL NO: 01642 729223

Address: Civic Centre, Middlesbrough, TS1 2QQ
Website: http://www.middlesbrough.gov.uk

Appendix 1: Manager's Toolkit – proposed content and key messages

Section	Content and key messages
Introduction	Introduction from Chief Executive, outlining expectations around performance (as per Management Network discussions), and outlining management and individual accountability, linking to MM and ME frameworks.
What is performance management?	Defines performance management as action taken in response to performance information, and makes distinction between this and performance *monitoring*. The expectation is performance *management*.
Corporate planning cycle	Outlines the corporate planning cycle, linking the medium-term Change Strategy and Outcome Delivery Plans to annual service planning and monitoring.
Responsibilities within the cycle	Emphasises management and employee accountability for performance management, including meeting deadlines and keeping appropriate records.
Description of key elements of the cycle	Outlines key elements of the cycle in step-by-step format.
Change Programme Document and Outcome Delivery Plans	Explains three-year planning cycle, with plans refreshed annually.
Balanced Scorecards	Explains Balanced Scorecards as the integrator of a range of performance information at the three senior management levels of the Council and explains the centrality of Scorecards to business planning.
Planning (to achieve objectives and mitigate risks)	Outlines that every level of the Council should have a plan to achieve their objectives from employees to services to overall outcomes, with a level of detail appropriate to each level. This includes planning around programme and projects and to address risks. The planning process needs to link to customer insight and equality and diversity processes.
Performance clinics	Reintroduces concept of clinics with constructive purpose, focusing on slippage, impact and mitigation. Plans will be assessed against original and revised milestones. Clinics to be held at three Scorecard levels and corporate level within 6 weeks of end of quarter, culminating in LMT discussion led by CEx.
Improvement tools	Identifies a range of mechanisms and tools available to managers to improve performance (e.g. benchmarking, service reviews, business process improvement etc).
Reporting to members	Outlines process of reporting performance to members (and so the public) following internal clinics.
Data transparency	Sets out what the Council is required by law to publish in relation to service performance and how this is done.
Audit, Inspection and Sector-led Improvement	Sets out the Government's expectations re: sector-led improvement and remaining statutory inspections, current timetable for these, and how the Council will use the knowledge from these process to improve.

Section	Content and key messages
Annual timetable and key contacts	Outlines a timetable of 'who does what, when', linking to responsibilities section with a specific focus on clinics. Once agreed relevant dates will be added to the Forward Plan.
'How to' guides	A series of short 'how to' guides, providing additional support to managers and employees.
Identify appropriate performance measures	This guide: defines the term 'performance measure'; explains the different types of performance measure; defines the characteristics of good performance measures; and provides a structured process to identify the most appropriate measures for your business area.
Ensure data is of appropriate quality	This guide: defines the term 'data quality'; outlines responsibilities for data quality; defines the characteristics of data quality; and provides a structured process to identify fit-for-purpose data quality arrangements within your business area to underpin effective performance management.
Set targets	This guide: defines the term 'target'; explains the concept of 'SMART'; explains the different type of target; explains how targets relate to value for money; and provides a structured process to help set appropriate targets for your performance measures, in relation to baseline and past performance, including benchmarking mechanisms.
Set SMART objectives	This guide: defines the term 'objective'; explains the concept of 'SMART'; and provides guidance on how to design and phrase objectives effectively to facilitate effective performance management.
Plan and manage service performance	This guide: sets out the Council's approach to planning; provides a standard template for service plans; explains the concept of Balanced Scorecards; and outlines how they will be implemented within the Council, including the Performance Clinic monitoring process.
Plan and manage programmes and projects	This guide: sets out the Council's approach to programmes and projects; and provides a standard framework and document templates for the management of programmes and projects, which will apply to both revenue and capital programmes and projects.
Identify and manage risk	This guide: sets out the Council's approach to managing risk; and provides a structured process to help you identify and manager risks to objectives, integrated with the Balanced Scorecard process.

Appendix 2: Initial Balanced Scorecard Measures (Level 2)

Outcome 1: Economic Development

Customer
- Empty dwellings brought back into use
- Town centre occupancy rate
- Bus / rail / cycling patronage in the town centre
- Major planning applications determined within 13 weeks
- Minor planning applications determined within 8 weeks
- Building control applications determined within 5 weeks
- Upheld complaints

Business
- Change projects projected to meet milestones
- Capital projects projected to meet milestones
- Risk mitigations projected to meet milestones
- Children killed / seriously injured in RTAs
- Planning consent granted for Middlehaven Dock
- LED streetlight replacement scheme commences
- Business start-up rates
- Gross new homes (total)
- New homes built Council Tax Band D and above

Finance
- Performance against revenue budget
- Performance against capital budget
- Performance against savings targets

People
- Staff with current appraisal
- Managers scoring 3 and above on competencies
- Employees scoring 3 and above on competencies
- Sickness absence
- Staff satisfaction

Outcome 2: Supporting Communities

Customer
- Troubled Families with sustained and measured positive outcomes
- Improved school readiness
- New volunteer registrations
- Reduction in homelessness acceptances
- 16-18 year olds who are NEET
- CIN referrals using CAF step downs
- Upheld complaints

Business
- Change projects projected to meet milestones
- Capital projects projected to meet milestones
- Risk mitigations projected to meet milestones
- Common Assessment Frameworks completed
- North East Asylum Seekers housed in Middlesbrough
- Library contacts
- Uptake of additional 2 year old offer places

Finance
- Performance against revenue budget
- Performance against capital budget
- Performance against savings targets

People
- Staff with current appraisal
- Managers scoring 3 and above on competencies
- Employees scoring 3 and above on competencies
- Sickness absence
- Staff satisfaction

Outcome 3: Improving Public Health

Customer
- Smoking cessation: four week quit rate
- Women smoking at time of delivery
- Successful completion for alcohol, opiates and non-opiates
- Physically active adults
- Breast cancer screening uptake
- Cervical cancer screening uptake
- Uptake of NHS health check programme
- Satisfaction with substance misuse services
- Compliance indicator
- Upheld complaints

Business
- Change projects projected to meet milestones
- Capital projects projected to meet milestones
- Risk mitigations projected to meet milestones
- Number of people offered NHS health check programme
- Progress on inspections / enforcement

Finance	People
• Performance against revenue budget • Performance against capital budget • Performance against savings targets	• Staff with current appraisal • Managers scoring 3 and above on competencies • Employees scoring 3 and above on competencies • Sickness absence • Staff satisfaction

Outcome 4: Learning and Skills

Customer	Business
• Sufficiency of places for mainstream and specialist education • Education, Health and Care plans completed within 20 weeks • Permanent exclusions from schools • Pupils making expected and better than expected levels of progress between KS1-2 in maths • Pupils making expected and better than expected levels of progress between KS2-4 in English • Pupils making expected and better than expected levels of progress between KS2-4 in maths • Pupils making expected and better than expected levels of progress between KS2-4 in reading • Pupils making expected and better than expected levels of progress between KS2-4 in writing • Success rates on Community Learning Skills programmes • Upheld complaints	• Change projects projected to meet milestones • Capital projects projected to meet milestones • Risk mitigations projected to meet milestones • Pupils attending a school judged 'good' or better by Ofsted • Primary school absence rate • Secondary school absence rate • Learners recruited for Community Learning programmes
Finance • Performance against revenue budget • Performance against capital budget • Performance against savings targets	**People** • Staff with current appraisal • Managers scoring 3 and above on competencies • Employees scoring 3 and above on competencies • Sickness absence • Staff satisfaction

Outcome 5: Safeguarding and Children's Care

Customer	Business
• Children LAC per 10,000 under-18 cohort • First time entrants to Youth Justice System aged 10-17 • Upheld complaints • Maintain placement stability above England average • Percentage of referrals of CiN that led to a Social care Assessment at or below England / stat neighbour average	• Change projects projected to meet milestones • Capital projects projected to meet milestones • Risk mitigations projected to meet milestones • Adoptions from care • Average time between a child entering care and moving in with its adoptive family • Percentage of assessments meeting Quality Standards • LAC Reviews completed within timescales • Caseload per social worker
Finance • Performance against revenue budget • Performance against capital budget • Performance against savings targets	**People** • Staff with current appraisal • Managers scoring 3 and above on competencies • Employees scoring 3 and above on competencies • Sickness absence • Staff satisfaction

Outcome 6: Social Care

Customer
- At Home 91 Days After Reablement (ASCOF)
- Customers who say that services have made them feel safe / secure
- Social Care-related quality of life
- Upheld complaints

Business
- Change projects projected to meet milestones
- Capital projects projected to meet milestones
- Risk mitigations projected to meet milestones
- Delayed transfers of care attributable to social care
- Permanent admissions to residential care
- Number of reablement packages
- %age of reablement episodes achieving identified goals
- %age of annual reviews completed within timescales
- Safeguarding activity / outcomes (measure TBD)
- Percentage of qualified : unqualified staff
- New referrals per FTEs

Finance
- Performance against revenue budget
- Performance against capital budget
- Performance against savings targets

People
- Staff with current appraisal
- Managers scoring 3 and above on competencies
- Employees scoring 3 and above on competencies
- Sickness absence
- Staff satisfaction

Outcome 7: Environment, Property and Commercial Services

Customer
- Percentage of service response times in line with customer promises
- Local satisfaction with street cleanliness
- Local satisfaction with waste collection
- Customer satisfaction with Leisure Services
- Customer satisfaction with facilities and FM
- Customer satisfaction with commercial space
- Upheld complaints

Business
- Change projects projected to meet milestones
- Capital projects projected to meet milestones
- Risk mitigations projected to meet milestones
- Streets meeting Keep Britain Tidy standards
- Household waste recycled
- Planned works completed in time, by service type
- Leisure centre visits
- Occupancy rate in commercial portfolio (Commercial)
- Occupancy rate in commercial portfolio (Enterprise)

Finance
- Performance against revenue budget
- Performance against capital budget
- Performance against savings targets

People
- Staff with current appraisal
- Managers scoring 3 and above on competencies
- Employees scoring 3 and above on competencies
- Sickness absence
- Staff satisfaction

Outcome 8: Finance and Investment

Customer
- Reviews / appeals actioned within agreed timescales
- Average customer rating of F&I support services
- Upheld complaints

Business
- Change projects projected to meet milestones
- Capital projects projected to meet milestones
- Risk mitigations projected to meet milestones
- Benefits – speed of processing changes in circumstances
- Council Tax and NNDR collection rates
- Invoices paid within 20 days
- Progress in ensuring readiness for "digital by default"
- Performance better than the Customised Benchmark return for 2010-13
- Average number of days for the Council to receive payment

Finance	People
Finance • Performance against revenue budget • Performance against capital budget • Performance against savings targets	**People** • Staff with current appraisal • Managers scoring 3 and above on competencies • Employees scoring 3 and above on competencies • Sickness absence • Staff satisfaction

Outcome 9: Organisation and Governance

Customer	Business
Customer • Website quality rating • FOI responses in time • OSS responses in time • Average customer rating of support services • Upheld complaints	**Business** • Change projects projected to meet milestones • Capital projects projected to meet milestones • Risk mitigations projected to meet milestones • Reports submitted on time (Executive / OSB / CMT) • Decisions implemented on time (Executive) • Service transactions undertaken via website • Compliance with Information Governance duties • HR policies which are up-to-date and compliant
Finance • Performance against revenue budget • Performance against capital budget • Performance against savings targets	**People** • Staff with current appraisal • Managers scoring 3 and above on competencies • Employees scoring 3 and above on competencies • Sickness absence • Staff satisfaction

Appendix 3: Proposed quarterly clinic flow

Appendix 4: Standard reporting format

Purpose of the report

To provide an overview of the Council's performance and strategic risks at *Quarter X 20XX*.

Summary of recommendations

That the responses of departments, the Council's wider Change Programme and Overview and Scrutiny to the performance and risk issues outlined in the report are noted.

Background

This section will summarise the Balanced Scorecard concept and the clinic process.

Overall performance by Outcome

The traffic-lighted radar charts such as those below will provide an 'at a glance' summary of progress (please note that the charts below use dummy information and are not a true reflection of performance).

Explanatory text will be provided for all off-target measures, covering: why they are off target and the impact of them being off target.

Summary of improvement activity

This section will outline LMT and Scrutiny activity in response to Scorecards, including deadlines for completion.

Implications

- Financial
- Legal
- Ward

Recommendations

That the responses of departments, the Council's wider Change Programme and Overview and Scrutiny to the performance issues outlined in the report are note is noted.
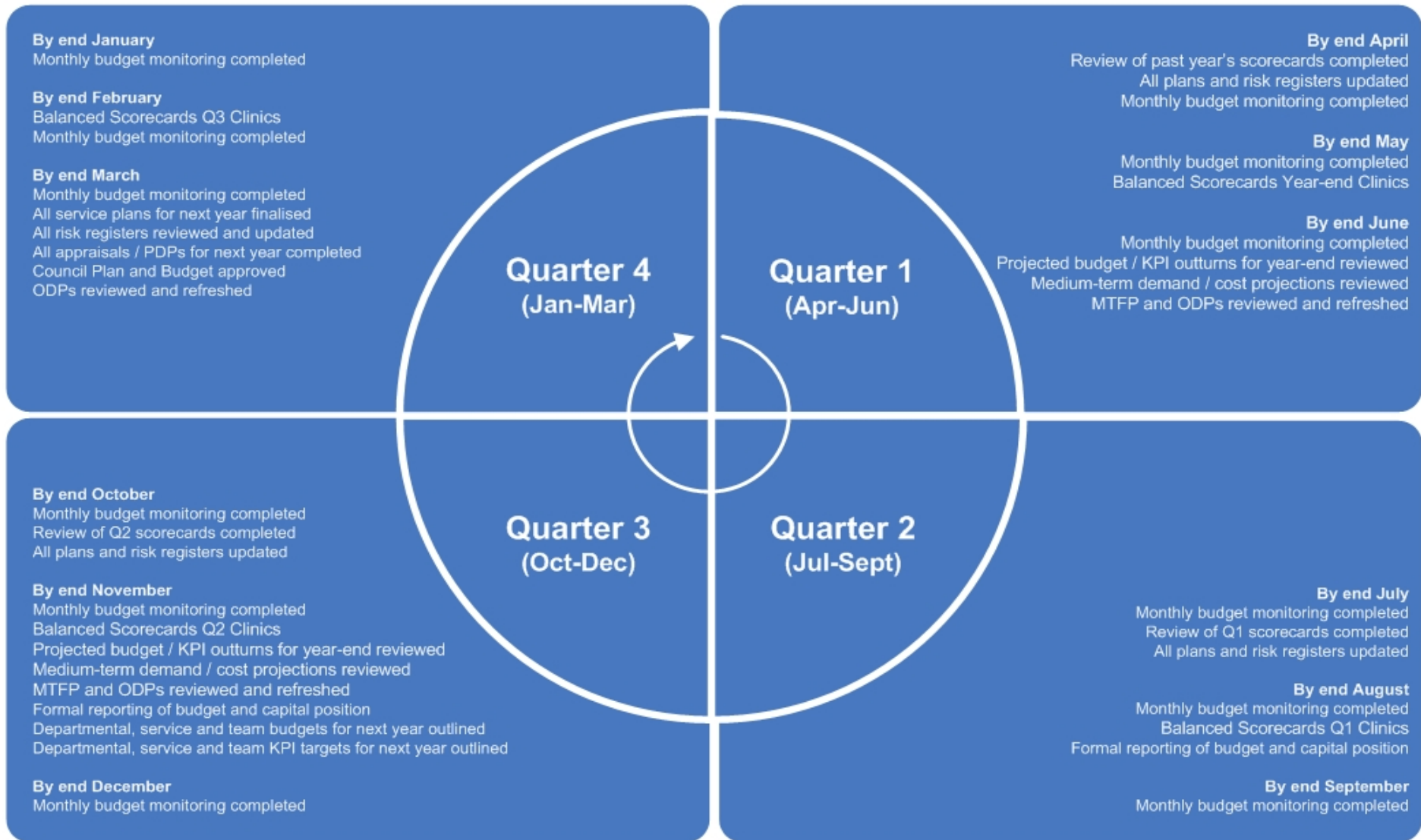
Reasons

To enhance monitoring of performance across the four key perspectives of customer, business, finance and people, at both a member and senior officer level in order to enable the effective delivery of the Council's targeted strategic outcomes.

Appendix 1

Level 1 and 2 Balanced Scorecards and the Strategic Risk Register will be appended to the report.

Appendix 5: Corporate Planning Cycle

By end January
Monthly budget monitoring completed

By end February
Balanced Scorecards Q3 Clinics
Monthly budget monitoring completed

By end March
Monthly budget monitoring completed
All service plans for next year finalised
All risk registers reviewed and updated
All appraisals / PDPs for next year completed
Council Plan and Budget approved
ODPs reviewed and refreshed

By end April
Review of past year's scorecards completed
All plans and risk registers updated
Monthly budget monitoring completed

By end May
Monthly budget monitoring completed
Balanced Scorecards Year-end Clinics

By end June
Monthly budget monitoring completed
Projected budget / KPI outturns for year-end reviewed
Medium-term demand / cost projections reviewed
MTFP and ODPs reviewed and refreshed

Quarter 4 (Jan-Mar)
Quarter 1 (Apr-Jun)
Quarter 3 (Oct-Dec)
Quarter 2 (Jul-Sept)

By end October
Monthly budget monitoring completed
Review of Q2 scorecards completed
All plans and risk registers updated

By end November
Monthly budget monitoring completed
Balanced Scorecards Q2 Clinics
Projected budget / KPI outturns for year-end reviewed
Medium-term demand / cost projections reviewed
MTFP and ODPs reviewed and refreshed
Formal reporting of budget and capital position
Departmental, service and team budgets for next year outlined
Departmental, service and team KPI targets for next year outlined

By end December
Monthly budget monitoring completed

By end July
Monthly budget monitoring completed
Review of Q1 scorecards completed
All plans and risk registers updated

By end August
Monthly budget monitoring completed
Balanced Scorecards Q1 Clinics
Formal reporting of budget and capital position

By end September
Monthly budget monitoring completed

Appendix 6: DRAFT Risk Management Strategy

Introduction

52. Risk management is a statutory requirement for local authorities and is a critical element of corporate governance. Effective risk management protects the Council and its customers from risks (health and safety, service failure, legal compliance etc.) and enables the Council to achieve its objectives. As such, effective risk management is the collective responsibility of all elected members and officers of the Council.

53. The Council's Risk Management Strategy provides a framework to support the effective management risk within the Council. The aim of the strategy is to improve the Council's ability to optimise its contribution to the delivery of the 2020 Vision for Middlesbrough by managing threats, enhancing opportunities and creating an environment that adds value to ongoing operational activities.

Definitions

54. Risk is defined as ***the probability of an event occurring and its consequences***.

55. Risk management is defined ***as the process by which the Council manages threats, enhances opportunities and adds value to its activities.***

56. Risks to the Council's services generally fall into the following areas:

- Strategic risks – risks to the Council's strategic objectives or outcomes.
- Operational risks – risks arising from the day-to-day operation of services.
- Programme and project risks – risks arising from the project environment.
- Compliance risks – risks relating to the contravention of legal duties.
- Hazards – risks relating to health and safety and emergency planning.

Objectives and benefits

57. The objectives of this strategy are as follows:

- ensure that risk management is embedded within the culture of the Council and is integral to the Council's planning and performance management;
- ensure that the risk management cycle and associated processes are implemented consistently and proportionately across the Council; and
- to communicate the Council's approach to risk management to all employees and stakeholders.

58. If this is achieved, the following benefits will be achieved:

- optimisation of performance management (including programmes and projects);
- maximum protection of customers and employees; and
- assurance of statutory compliance.

Responsibilities

59. Ultimate responsibility for risk management within the Council lies with the Mayor and Executive, and with the Chief Executive and Corporate Management Team. However,

all elected members and Council officers have roles in delivering risk management and should be aware of their individual responsibilities in identifying and managing risks, as outlined below.

Role	Responsibilities
The Executive	Overall responsibility for effective risk management across the Council, including agreeing the Council's Risk Management Strategy and ensuring that both it and the Strategic Risk Register are monitored and reviewed regularly.
Elected members	Ensure that risks are being identified and effectively managed and scrutinise the Executive's decisions to ensure that they meet the requirements of effective risk management.
Chief Executive and Corporate Management Team	Lead and coordinate risk management across the Council, ensure that the Council fully complies with all corporate governance requirements.
Executive Directors	Ensure that risk management is implemented within directorates in line with the Council's Risk Management Strategy, own and manage Level 1 risk registers.
Leadership Management Team	Champions effective risk management and is responsible for reviewing the Council's Risk Appetite and its Strategic Risk Register.
Assistant Directors (Strategic Managers)	Ensure that risk management is implemented within outcome areas in line with the Council's Risk Management Strategy, own and manage Level 2 risk registers.
Heads of Service (Senior Managers)	Adopt a risk-based approach to service planning, own and manage Level 3 risk registers.
Middle Managers	Adopt a risk-based approach to service planning, own and manage team risk registers.
Frontline Managers	Adopt a risk-based approach to service planning, manages day-to-day risks.
Performance and Partnerships Service	Provides guidance and coordinates the Council's approach to risk management and develops and monitors the Risk Management Strategy and associated risk registers.
Internal Audit	Ensure that internal controls are robust and operating correctly, audit the key elements of the risk management process and ensure that risk work undertaken across the Council informs the overall audit plan.

The Council's Risk Appetite

60. The Council has established a clear risk appetite statement, which sets out the amount of risk the Council is willing to seek or accept in the pursuit of its strategic objectives and outcomes. As such it is the cornerstone of risk management within the Council.

Corporate Risk Appetite

- Any current RED risks (with a current score of above 20 on the Council's risk matrix) must be wherever possible managed down to the lowest practicable immediately.
- Any current AMBER risks (with a current score of 9-15) must be wherever possible managed down to the lowest practicable level within three months.
- Any current GREEN risks are accepted and no specific action is required.

Subject to the above:

- At least 80% of employee objectives (as set out in appraisals) must be achieved annually.
- At least 90% of business plan objectives must be achieved annually.
- Programmes and projects must be managed within 10% tolerance.
- At least 90% of risk mitigation plans must be achieved annually.
- At least 75% of Balanced Scorecard targets must be achieved annually.
- Budgets must be managed within 10% tolerance.

61. Clarifying and communicating this risk appetite will:

- ensure that the Council is only taking a level of risk – and the type of risks – it is comfortable with;
- ensure that the risks the Council is exposed to are proportionate to the opportunity or reward to be gained;
- provide a framework for informed decision making;
- guide staff on judgements about which risks are acceptable and which are not;
- ensure the Council's response to risks is proportionate, and to avoid over the top or lax reactions to risk; and
- ensure appropriate escalation where the Council's appetite for risk is exceeded.

62. The Council's risk appetite is illustrated via the below risk matrix. Guidance on the use of this matrix, and all associated risk management activity, is set out in the Middlesbrough Manager's Risk Management Toolkit.

Likelihood (Probability)	Almost Certain >80%	5	Low (5)	Medium (10)	Medium (15)	High (25)	High (35)
	Likely 51% - 80%	4	Low (4)	Low (8)	Medium (12)	High (20)	High (28)
	Possible 21% - 50%	3	Low (3)	Low (6)	Medium (9)	Medium (15)	High (21)
	Unlikely 6- 20%	2	Low (2)	Low (4)	Low (6)	Medium (10)	Medium (14)
	Rare <6%	1	Low (1)	Low (2)	Low (3)	Low (5)	Low (7)
			1	2	3	5	7
			Insignificant	Minor	Moderate	Major	Extreme
					Impact		

Risk management cycle

63. The Council's risk management cycle is based on the best practice outlined in A Risk Management Standard (IRM/AIRMIC/ALARM: 2002), ISO31000 Risk Management principles and guidelines, and other associated documents.

64. There is a clear similarity between the objectives and core processes of risk and performance management, which can essentially be viewed as two sides of the same coin. Both systems support the achievement of the Council's strategic priorities, with performance management identifying and monitoring what is required to achieve priorities and risk management addressing those hazards that may occur to prevent this.

65. As such the Council's risk management cycle supports, and is integrated within the Council's Performance Management Framework, with all risks are identified, reviewed and mitigated through the Council's quarterly Balanced Scorecard monitoring process. The key elements of the cycle are set out in the following diagram.
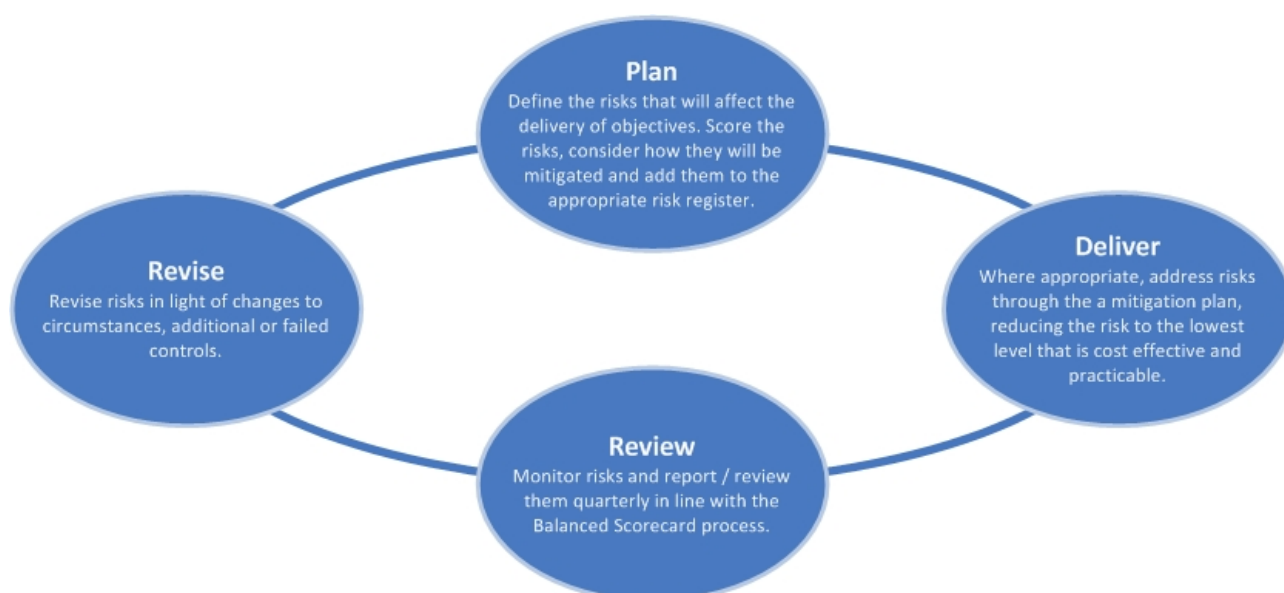
66. As for Balanced Scorecards, risks will be developed and managed on a quarterly basis at the three most senior levels of the organisation.

Level	Descriptor	Owned by...
1	Whole service level (i.e. the three outcomes that an Executive Director oversees) plus service specific items with corporate relevance.	Executive Director
2	Individual service area level (i.e. an outcome that an AD oversees) plus single unit items with a departmental relevance.	Assistant Director
3	Individual unit level (i.e. an individual contributor to an outcome).	AD direct report

67. As innovation brings greater risk, programme and project risk will be managed more closely and at a greater frequency (in proportion to the level of risk identified), in line with the Council's Programme and Project Management Framework.

68. Business interruptions will be managed in line with the Council's Business Continuity process and plans.

Risk escalation

69. When, following review, risk scores move outside of the Council's risk appetite, or where risk controls have failed, or are no longer effective in reducing a risk, this must be escalated by the risk owner to the next level of management as soon as possible and appropriate mitigation plans put in place to ensure that the risk complies with the Council's risk appetite as soon as practicable.

Further information

70. Guidance to assist in the implementation of this strategy is provided in the Council's Risk Management Toolkit. Further guidance, support and training on risk management is available from corporateperformance@middlesbrough.gov.uk.

Appendix 7: Impact Assessment

Subject of assessment:	**Corporate Performance and Risk Management Framework**			
Coverage:	Cross-cutting			
This is a decision relating to:	☐ **Strategy**	☐ **Policy**	☐ **Service**	☐ **Function**
	☒ **Process/procedure**	☐ **Programme**	☐ **Project**	☒ **Review**
	☒ **Organisational change**	☐ **other**		
It is a:	**New approach:**	☐	**Revision of an existing approach:**	☒
It is driven by:	**Legislation:**	☐	**Local or corporate requirements:**	☒

Description:	**Key aims, objectives and activities** To ensure the Council has a performance and risk management framework in place, built around the balanced scorecards process to increase the focus on effective planning and delivery to plan with an increasingly financially-constrained environment. **Statutory drivers** Non-direct, however the Council has duties which are met in part or in full by having in place a robust performance and risk management framework in place, which include the duty ensure value for money is achieved. **Differences from any previous approach** The proposed approach will increase the focus on effective and integrated performance planning and management. This will ensure the council is able to manage risk effectively, identify areas of under-performance promptly and refocus assets as necessary to address under-performance promptly. **Key stakeholders and intended beneficiaries (internal and external as appropriate)** Customers (both internal and external), staff, partners and members. **Intended outcomes:** To put in place a robust performance and risk management framework to ensure the delivery of targeted outputs and outcomes to timescale.
Live date:	July 2015 onwards
Lifespan:	N/a
Date of next review:	6 month desktop review to assess whether performance and risk management framework is working effectively.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The performance and risk management framework will put in place an effective process to assess performance of the council in key areas, some of which will be relevant to human rights. There are no concerns that the proposal could have an adverse impact on human rights. The framework will be one of a suite of tools used by managers and members to ensure the Council is delivering effective services.
Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?	☒	☐	☐	The Council has a duty to consider the impact of the proposal on relevant protected characteristics to ensure it has due regard to the public sector equality duty. The duty means the Council must have due regard when taking decisions to the need to: a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; c. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The performance and risk management framework will put in place an effective process to assess performance of the council in key areas, some of which will be relevant to equalities issues. There are no concerns that the proposal could have an adverse impact on those with a protected characteristic. The framework will be one of a suite of tools used by managers and members to ensure the Council is delivering effective services. Equality objectives set by the Council are embedded within the scorecard and performance framework process to ensure that progress against them is effectively monitored.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	The performance and risk management framework will put in place an effective process to assess performance of the council in key areas, some of which will be relevant to community cohesion issues. There are no concerns that the proposal could have an adverse impact on community cohesion. The framework will be one of a suite of tools used by managers and members to ensure the Council is delivering effective services and that it is able to re-prioritise resources quickly and effectively to support delivery of improved outcomes for all.
Middlesbrough 2020 – Our Vision Could the decision impact negatively on the achievement of the Vision for Middlesbrough?*	☒	☐	☐	The proposal will support the Council to deliver all three priorities within the Mayor's 2020 vision by ensuring there continues to be an effective performance management framework which focusses resources on the achievement of the vision.
Organisational management / Change Programme Could the decision impact negatively on organisational management or the transformation of the Council's services as set out in its Change Programme?*	☒	☐	☐	The proposal supports the aim of the change programmes and aligns to its principles.

Assessment completed by:	Paul Stephens	LMT approver:	Karen Whitmore
Date:	1 June 2015	**Date:**	1 June 2015