

Report of:	Interim Head of Strategy, Governance and Information
Submitted to:	Corporate Affairs and Audit Committee
Date:	16 March 2023
Title:	Risk and Performance Management: Annual Assurance Report 2022
Report for:	Information
Status:	Public
Strategic priority:	Quality of service
Key decision:	No
Why:	Not applicable
Urgent:	Not applicable
Why:	Not applicable

Executive summary

This report sets out the governance arrangements that are in place in relation to performance management, risk management and programme and project management. The purpose of the report is to provide the committee with assurance that the Council has appropriate governance arrangements in place. The report also provides supporting information for the Annual Governance Statement which assesses compliance with good governance across the corporate governance landscape.

Purpose

1. The purpose of this report is to outline the Council's approach to performance and risk management, to summarise activity in the past year and planned activity for 2023 to provide the Committee with assurance that the Council has robust arrangements in place for these disciplines.

Background and relevant information

2. The Council's approach to these disciplines is articulated within the following policies:
 - Performance Management Policy;
 - Programme and Project Management Policy; and
 - Risk and Opportunity Management Policy.
3. In February 2020, revised versions of these policies were approved by the Executive to maximise their impact on the Council's strategic aims and priorities, as set out within the Strategic Plan.
4. These policies are scheduled to be reviewed during 2023 to ensure they continue to meet the organisation's needs in relation to these disciplines.

Performance management approach

5. Full Council approved a Strategic Plan for the period 2021-24 on 24 February 2021, setting out nine strategic priorities for this period in the light of COVID-19 and other external factors.
6. At the 23 February 2022 meeting, Council was advised that an annual refresh for the Strategic Plan 2021-24 would not be brought forward and that as such the Strategic Plan would remain in place for 2022/23, to ensure that the Council has sufficient time to consider implications of national and potential forthcoming local changes on its strategic direction.
7. At a meeting of the Executive on 5 April 2022, a refreshed Strategic Plan workplan for the 2022-24 period and Directorate Priorities for 2022/23 was approved, which combined provide a cohesive approach to the delivery of key priority activities across Council services.
8. Significant work was also undertaken in the year to improve Directorate and strategic performance management, with the implementation of a monthly performance review cycle using an integrated performance dashboard drawn from a range of feeder systems which record different aspects of corporate performance.
9. The monthly performance cycle (based on a four-week month) is as follows:

Week 1 Feeder systems updated by responsible officers

Week 2 Directorate Performance Reviews using dashboard

Week 3 Feeder systems further updated following Directorate Performance Reviews

Week 4 LMT Performance Review using summary slide pack

10. The monthly Directorate and LMT performance reviews held throughout 2022/23 considered the following items on a 'by exception' basis, with only matters considered to require discussion or steer, raised:
 - actions agreed by the Executive (including responses to scrutiny reports);
 - the Strategic Plan workplan (both in terms of activity and outcomes);
 - Directorate priorities;
 - the Council's portfolio of programmes and projects;
 - compliance indicators (e.g. completion of audit actions); and
 - Directorate and strategic risk registers.
11. Where matters are not raised it is assumed that any delays are immaterial and will be 'course-corrected' at a local level by responsible Directorates.
12. The output from the monthly performance reviews is reflected in a quarterly update on wider corporate performance, to the Executive and Overview and Scrutiny Board; an approach which has served to significantly improve focus upon and strengthen delivery of corporate performance disciplines.
13. A refresh of the Strategic Plan was deferred in 2022/23 due to the need to consider the implications of several key White Papers over the past year, therefore the issue of articulating outcomes and measures, will be addressed in a full refresh of the Strategic Plan in 202/23.

Programme and project management approach

14. The Programme and Project Management (PPM) policy and its underpinning framework provide a standardised approach to the governance of programmes and projects, including standard documentation.
15. Since the introduction of this policy in 2015, the Council's approach to PPM has matured and a number of improvements have been identified and implemented via the Portfolio Management Office (PMO).
16. All projects within the Council's portfolio continue to be connected to overarching programmes and portfolios wherever possible to clearly articulate their contribution.
17. At the time of writing there are projects in the portfolio that are being managed under the PPM framework. These projects are supported and monitored by the PMO and are reported by exception to the monthly Directorate and Leadership Team performance review meetings described earlier in the report and in the quarterly reports to the Executive and Overview and Scrutiny Board.
18. It should be noted that the Council's approach to PPM is also the base methodology for delivery of Strategic Plan workplan activities and all change and savings programme initiatives, requiring robust milestone delivery plans which are subject to the monthly performance management and governance regime for project delivery, as set out in detail in the PPM Framework.
19. For reference, this includes:

- Project / initiative business cases quality assured and assessed for viability
- Review of performance against time, scope, cost and benefit
- Management and mitigation of risks and issues
- Approvals for change controls

20. Monitoring of these activities will also be further strengthened through alignment with the new performance management arrangements planned for 2023/24.

21. In 2022 Veritau completed an audit of the BOHO X project, which was the subject of a separate report to this meeting in April 2022; the findings of which identified management actions to address and implement, throughout 2022/23.

22. All actions from that audit have now been implemented in full and are listed below:

Audit actions
Action 1.1: Priority 1
The PPMF will be updated to further clarify roles of elected members within programmes and projects, followed by briefings on the revised PPMF delivered for the Executive.
Training on the PPMF will be provided for both members and officers working on projects
The Monitoring Officer will write formally to all members and WLMT reiterate guidance, who will be required to formally accept and undertake to comply with the PPMF.
Action 2.1: Priority 2
The revised PPMF will require single decision logs for programmes and projects as well as a standardised project workbook, including standard log.
The PMO will implement a project health check schedule for the Councils portfolio of projects.
Action 3.1: Priority 2
The revised PPMF will include a standardised project workbook, including change control process.
Standard guidance to be issued to contractors re decision making / change controls.
Action 4.1: Priority 2
The Revised PPMF will require all decisions to be taken at the relevant Council board, include a standardised project workbook, including board agenda (links to action 3.1), with all decisions to be communicated to project teams by the Project Manager.
Action 5.1: Priority 3
The revised PPMF will require all risks to be reviewed at the relevant Council board.

23. The wider compliance of programmes and projects with the PPM framework will continue to be assessed periodically by the Council's internal auditor, Veritau, either through a scheduled audit or in response to specific governance concerns or requests from statutory or other senior officers.

24. The PPM Framework and associated project documentation will be further reviewed in 2023/24 and where appropriate, streamlined to ensure alignment with the new performance management arrangements currently in development.

Risk management approach

25. During 2020 the Council's risk appetite was refreshed reviewed and revised to bring it in line with the Council's current financial standing so that risks are being captured and scored in line with this. All risk management documentation was also reviewed and updated to reflect these changes. On review, no changes were made to the Council's risk appetite during 2022. The purpose of strategic risk management is to capture the

most significant risks the organisation is exposed to that could impact on its ability to deliver the strategic priorities outlined in the Strategic Plan.

26. The Council uses risk registers to manage the various risks it identifies. During 2022 the Council implemented a heat map approach to group risks into themes.
27. These themes and movement within them were used to set out the risks facing the Council. During early 2023 a review of this approach was undertaken by senior officers and as a result further refinement of the approach will be made during 2023. This will be articulated within the refreshed Risk and Opportunity Management policy.
28. A summary of the Strategic Risk themes was considered every three months by the Executive as part of a report on performance against delivery of the Strategic Plan and other key performance measures, with the same report considered by Overview and Scrutiny Board.
29. The status of risks are reported by exception to the new monthly Directorate and Leadership Team performance review meetings described earlier in the report and in the quarterly reports to members.
30. The Council has in place a corporate Risk Management Group. This continues to meet on a quarterly basis to monitor risk management and to identify new and emerging risks to the organisation.

What decision(s) are being recommended?

31. That the Committee notes the arrangements in place to manage performance and risk management within the Council, progress in the past year, and plans to further strengthen those arrangements.

Rationale for the recommended decision(s)

32. To support the Committee in discharging its responsibility in relation to corporate governance, including performance and risk management.

Other potential decisions and why these have not been recommended

33. Not applicable.

Impact(s) of recommended decision(s)

Legal

34. The proposed activity is consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

Strategic priorities and risk

35. The processes set out within this report supports work to mitigate the risk of the Council not having adequate governance processes in place to ensure that compliance is in place with all relevant legislation.

Human Rights, Equality and Data Protection

36. Not applicable.

Financial

37. It is anticipated that all activities set out in this report are achievable within existing and planned budgets.

Actions to be taken to implement the decision(s)

38. The activity outlined in the main body of the report will result in continued compliance with the Council's performance and risk management arrangements.

Appendices

Not applicable

Background papers

26/07/18	Corporate Affairs and Audit Committee	Annual Assurance Report: Risk
06/06/19	Corporate Affairs and Audit Committee	PMO Six monthly report
25/07/19	Corporate Affairs and Audit Committee	Annual Assurance Report: Risk
04/02/21	Corporate Affairs and Audit Committee	Performance and Risk Management: Annual Assurance Report 2020

Contact: Ann-Marie Johnstone, Interim Head of Strategy, Information and Governance
Email: ann-marie_johnstone@middlesbrough.gov.uk