



## Performance & Financial Management Policy

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**Summary**

1. This policy sets out the Council’s approach to performance and financial management, ensuring that performance, finance, and risk are managed in an integrated, transparent, and consistent way. It establishes the principles, responsibilities, and framework for monitoring outcomes, supporting effective decision making, resource allocation, and assurance to elected members and residents.
2. The following sections outline:
  - the purpose of this policy.
  - definitions.
  - scope.
  - the legislative and regulatory framework.
  - policy statement.
  - roles and responsibilities.
  - supporting policies, procedures and standards; and
  - monitoring and review arrangements.

**Purpose**

3. The purpose of this policy is to:
  - Provide a clear and consistent framework for performance and financial management across all services, ensuring strong alignment between performance, financial planning and financial management.
  - Ensure performance information is aligned with financial plans, risk management, and strategic priorities.
  - Support early identification of issues, enabling timely intervention and continuous improvement.
  - Ensure robust financial management, supporting effective stewardship of resources and sustainable decision-making.
  - Strengthen governance, accountability and transparency.
  - Enable the Council to demonstrate value for money, meet statutory obligations, and deliver high-quality services.
4. The key principles of the policy are:
  - The Council’s approach to performance management will be proportionate and focussed on its key objectives which are achieving our Council Plan objectives, statutory obligations and compliance with national frameworks.
  - we will integrate consideration of performance, finance and risk
  - there will be clear accountability, ownership and defined responsibilities
  - we will use evidence-based measures and indicators to measure progress and support a culture of learning and continuous improvement
  - there will be regular, transparent reporting that provides insight driven analysis that will be used to assess performance and identify corrective action
  - all our objectives will be SMART and interlink, from top to bottom; and
  - we have robust systems in place to proactively manage performance with pathways to escalate underperformance, financial pressures and worsening risk.
5. Effective implementation of the policy, supported by strong financial management and a robust Medium Term Financial Plan (MTFP) that is clearly linked to performance will significantly enhance the Councils ability to deliver it’s strategic, tactical and operational objectives. This approach will drive continuous improvement in service delivery and continued compliance with legislation and the principles of good governance.

**Definitions**

<b>Corporate governance</b>	The systems, processes and values by which local authorities operate and by which they engage with, and are held accountable to, their communities and stakeholders.
<b>Financial Performance</b>	The monitoring of capital and revenue budgets, savings, costs, income forecasts, and resource use against the Medium-Term

	Financial Plan (MTFP), ensuring delivery of financial objectives and early identification of variances.
<b>Financial Planning</b>	The systems, process and policies by which the local authority develops, maintains and updates its Medium-Term Financial Plan (MTFP). This includes aligning resources to strategic priorities, forecasting future financial pressures and opportunities, and ensuring the long-term sustainability of services.
<b>Performance management</b>	Acting in response to actual performance to ensure that objectives are achieved and to make outcomes for individuals and local communities better than they would otherwise be.
<b>Risk Management</b>	The identification and management of risks, that could adversely affect achievement of the Council's strategic objectives, financial stability or compliance, if they occurred. Effective Risk management reduces the likelihood of a risk occurring.
<b>Performance Management Framework</b>	Document that articulates the systems, processes and controls that will be put in place to ensure the Council adheres to this policy.

### Scope

6. This policy applies to:

- All Council directorates, services, teams, and employees.
- All strategic and operational performance data.
- All strategic and operational financial data.
- Performance reporting at corporate and directorate level.
- Integration of performance information with financial management and risk management.
- External partnerships where the Council is the accountable body, including commissioned and contracted services (where relevant).

7. It is mandatory for all services to adhere to this policy and associated framework.

### Legislative and regulatory framework

8. Key elements of the legislative and regulatory framework relevant to performance management are set out below.

<b>Local Government Act 1999</b>	General requirement on local authorities to achieve best value for money. Maintaining an effective performance management framework to maximise delivery of objectives and to continuously assess the economy, efficiency and effectiveness of both individual services and of the organisation overall, is the principal means through which the Council can demonstrate to its stakeholders that it is achieving Best Value, as required by the Act.
<b>Local Government Act 1972</b>	Sets out requirements for the administration of local government and reporting.
<b>Best value standards and intervention: a statutory guide for best value authorities</b>	Provides clarity on the use of powers, where there is a risk that the Best Value Duty is, or is at risk of not, being met.

### Policy statement

9. The Council is committed to delivering high-quality, efficient, and value for money services. To achieve this, the Council will maintain a robust and integrated performance management framework that:

- Aligns performance objectives with the Council Plan, Medium Term Financial Plan, and corporate risk management.

- Ensures performance, financial, and risk information is monitored together to support informed decision making.
- Provides clear accountability for performance at all levels of the organisation.
- Promotes early identification and escalation of issues.
- Encourages a culture of continuous improvement, learning, and innovation.
- Ensures transparent reporting to elected members, partners, and the public.
- Embeds compliance with statutory responsibilities and good governance principles.

10. All services and employees share responsibility for delivering effective performance management and upholding this policy.

11. The Council will maintain a performance management cycle based on best practice from across the public sector. The four step Continuous Improvement cycle of 'Plan-Monitor-Review-Improve' will apply at all levels of the organisation and will explicitly integrate financial management throughout. Key elements are set out in the following graphic.



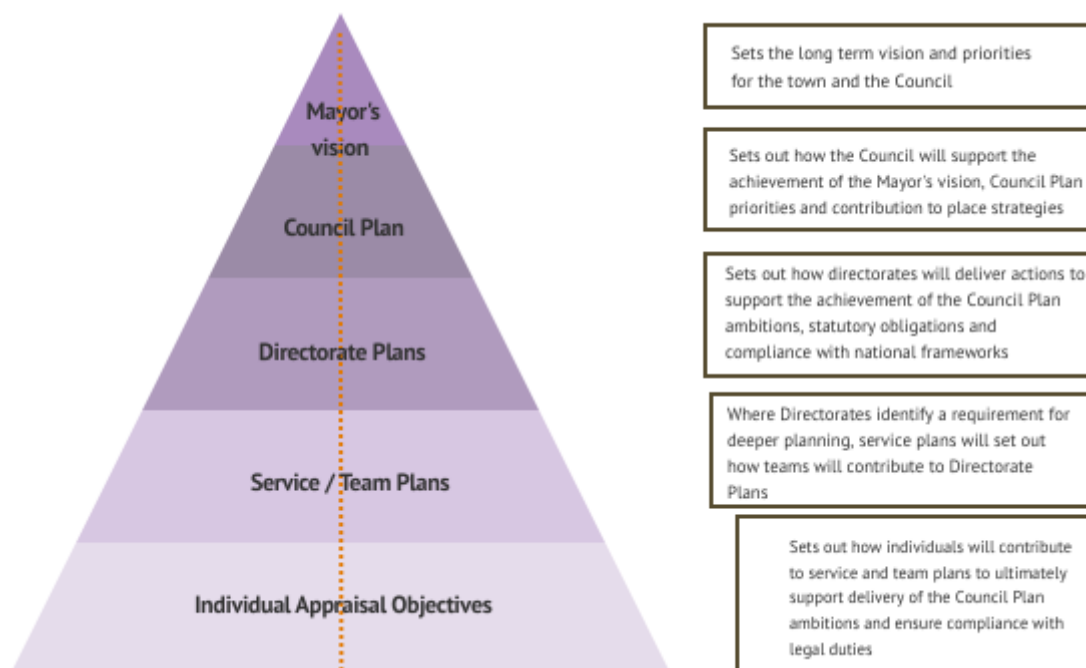
12. The following sections outline expectations on how effective performance management will be achieved within the Council.

**Plan**

13. Effective planning is crucial to delivering successful outcomes. The purpose of the planning step in the Continuous Improvement cycle is to:

- identify SMART (Specific, Measurable, Achievable, Relevant, Timed) objectives.
- identify SMART measures and targets to quantify these objectives.
- identify risks to achieving the objectives and opportunities to enhance them (to be addressed through the Council’s Risk and Opportunity Management Policy).
- develop SMART plans to achieve the objectives and counter risks; and
- ensure that these plans align with higher and lower plans in the planning hierarchy.

14. The Council will maintain a clear planning hierarchy to demonstrate clear line of sight from top to bottom of the organisation, outlined in the graphic below.



15. The Council will work with partners to develop a Place Strategy which will provide a blueprint which the Council and its partners can use to address the key economic and social challenges facing the town. Once it is developed, there will be a clear link between this and the Council Plan. The Council Plan will articulate the Council's contribution to that Place Strategy.
16. The Mayor's vision will be articulated within the Council Plan, which is the Council's overarching business plan for the medium-term, and is refreshed on an annual basis.
17. The Council Plan is part of the Council's Policy Framework and will be approved by Full Council.
18. Each Directorate will develop a Directorate Plan, demonstrating how the directorate contributes to strategic priorities set out in the Council Plan, and other information that will ensure each Director has oversight of the key performance, finance and risk information for their directorate.
19. All planning activities must align to the Council's annual Budget Planning timetable, which set out the key milestones for developing the Medium-Term Financial Plan (MTFP), annual revenue and capital budgets, and savings proposals. Directorate plans, Service Plans and associated performance measures must be developed in accordance with this timetable to ensure that resource requirements, pressures, and proposed mitigations are captured early and can inform the MTFP process in a timely and consistent way.
20. Planning below this level, where implemented will demonstrate how services, teams and individuals contribute to the achievement of their Directorate Plan.

### Monitor

21. The purpose of this step is to deliver agreed actions, services and improvement actions. Internal controls will be implemented, resources allocated and risks actively managed.
22. Where in-year financial monitoring identifies forecast pressures that are material and require corrective action, the Council will implement appropriate measures and mitigations. As a general guide, action will normally be required where the variances exceed £250,000 or 1% of the relevant service-level budget, whichever is higher, unless the characteristics of the budget (e.g., high-cost demand-led placements) mean different thresholds are more appropriate. In all cases, materiality and the professional judgement of the Section 151 Officer, in consultation with directors, will determine whether a formal action plan, expenditure controls, or revised delivery plans are required to bring the forecast back within budget.
23. The Council will aim to deliver at least 90% of business plan objectives and achieve at least 75% of performance targets, where achievement of them is within the control of the Council.

24. Where programme and project delivery (business change) is required to deliver activity, the Council's Programme and Project Management Policy and supporting Framework will be adhered to. Progress against projects will be overseen within the integrated continuous improvement Performance Management cycle.
25. The following table summarises how individual Key Performance Indicators will usually be assessed, unless there is an overriding requirement for a different threshold, which will be agreed by the Chief Executive and relevant statutory officer(s):

Category	Green	Amber	Red
<b>Compliance / Statutory KPIs</b>	90% or greater compliance	75-89% performance	Less than 75% compliance
<b>Operational performance KPIs</b>	90% of target achieved	75-89% performance	Less than 75% compliance
<b>Revenue, capital and income budget forecast variance</b>	Within approved budget	Within $\pm 1\%$ (or $<£250k$ , whichever higher)	$>1\%$ variance (or $>£250k$ whichever is higher)
<b>Savings delivery</b>	100% of profiled savings delivered or on track	85–99% of profiled savings delivered or on track	$<85\%$ of profiled savings delivered or on track
<b>Agency workforce spending</b>	Within approved budgeted %	Less than 5% above approved budget	Greater than 5% above approved budget
<b>Project milestones</b>	Project is operating within the agreed tolerance, normally $\pm 5\%$ for time, cost, and benefits AND no change control is required.	Project is approaching tolerance limits (e.g., variance between 5%–10%) OR risks indicate likely breach of tolerances, requiring corrective action but not yet formal change control.	Variance exceeds the agreed tolerance (normally $>5\%$ ) AND a formal change control process is triggered, or benefits/time/cost deviation cannot be recovered without re-baseline.

### Review and Revise

26. The purpose of these steps, which are often taken together, is to periodically measure and assess performance against both operational and financial plans. This includes identifying areas for concern, explaining variances, and outlining corrective actions to bring progress back to plan as far as is practicable. Integrated Performance and Budget Clinic Boards will be established and maintained to ensure the Council considers accurate, timely and joined-up performance, financial and risk information with specific focus on:
- Review of clear Key Performance Indicators (KPI) as agreed with the services on order to measure operational performance and impact on the organisation's priorities.
  - In-year financial performance forecast and variances against revenue and capital budgets.
  - Delivery of approved savings and cost-reduction plans, (including the annual corporate vacancy target)
  - Progress of project and continuous improvement activity that has been commissioned to deliver improvements to outcomes.
  - Identification of emerging financial pressures and mitigations: and
  - The relationship between operational performance trends and their financial impact.
27. These Clinic Boards will serve as the primary mechanism for coordinating early interventions, managing financial sustainability and ensuring accountability for both service outcomes and financial performance. The Clinic Boards will be attended by Directors, Executive Members for the Directorate, the Executive Member for Finance, Chief Executive, Head of Chief Executive's Department, Section 151 Officer, Deputy 151 officer, Corporate Performance Manager and supporting performance and finance staff as necessary.
28. A quarterly integrated performance report will be presented to the Executive to provide a consolidated and transparent summary of the Council's operational and financial performance, including:

- Performance against the priorities, outcomes and key measures of success set out in the Council Plan
  - Financial performance against the Council's revenue and capital budgets
  - The Council's borrowing, reserves, and balance-sheet position, highlighting any material changes and implications for the Medium-Term financial plan (MTFP).
  - The Council's strategic risk register, including financial, operational, compliance and organisational risks.
29. The integrated report ensures that key data is not reviewed in isolation but is considered alongside in one place to see the linkages between financial data, operational performance, strategic risk and the outcomes the Council is attempting to improve to enable informed, evidence-based decision making.
30. Directorate performance management arrangements will be standardised to allow tracking of delivery of the Council Plan by Leadership Team. Held quarterly, directorates will also have the tools to actively manage their performance during the quarter, and the focus of the quarterly Clinic Boards will be to take holistic view of performance and identify corrective action as appropriate.
31. A quarterly integrated performance report will be presented to the Executive to provide a summary of:
- performance against the key measures of success set out in the Council Plan, with details of corrective action identified and agreed where necessary.
  - performance against the Council's revenue and capital budgets, outlining key variations and requesting approval for virements and other changes that are the responsibility of the Executive.
  - the Council's borrowing and reserves position; and
  - the Council's strategic risk register.
32. The same report will also be considered by the Council's Overview and Scrutiny Board, providing independent challenge and assurance over both financial and operational performance, and supporting transparency, accountability and continuous improvement.
33. To support the development of the Medium-Term Financial Plan, the Council will follow a structured approach that aligns performance, financial and risk data and insights throughout the year. Insights from Integrated Performance and Budget Clinic Boards, demand and cost modelling, savings delivery assessments, value-for-money reviews, and Mayoral priority setting will be used to inform revisions to the Medium-Term Financial Plan.
34. This continuous flow of information enables early identification of emerging pressures, realistic updates to planning assumptions, and timely development of recovery or mitigation actions. The detailed processes, timelines and responsibilities that underpin this annual review will be fully set out in the Council's Performance & Financial Management Framework.

### Roles and Responsibilities

<b>Mayor and the Executive</b>	Overall responsibility for the strategic direction of both performance management and financial management across the Council. Including: <ul style="list-style-type: none"> <li>• Agreeing the performance management policy and the Medium-Term Financial Plan (MTFP).</li> <li>• Developing and approving the proposed Council Plan and submitting it to Full Council for approval, ensuring resources are aligned to priorities.</li> <li>• Recommending the annual Budget, MTFP, Capital Programme and Council Tax Proposals to Full Council for approval.</li> <li>• Monitoring the Councils operational and financial performance through regular reporting.</li> </ul>
<b>Audit Committee</b>	Review the effectiveness of the Performance and Budget Management policy. Receive assurance on the robustness of financial controls, financial monitoring, and the delivery of savings and recovery plan. Consider the annual assurance report covering both performance and financial governance.
<b>Elected Members including scrutiny</b>	Agree the Mayor's priorities and formally approve the Council Plan, annual Budget, MTFP, Council Tax and Capital Programme. Scrutinise both service performance and financial performance via Overview and

	Scrutiny arrangements. Participate in All-Member briefings on emerging pressures, draft budget proposals, financial settlements and final recommendations.
<b>Chief Executive</b>	Provides corporate leadership and accountability for organisational performance, financial planning and financial management. Owns the governance of Performance & Budget Clinic Boards process, Chairs or delegates chairing, and ensures escalation to the Executive where strategic decisions or resources changes are required. Ensures alignment of Directorate plans with the performance targets, budget requirements and MTFP priorities.
<b>Section 151 Officer</b>	Holds the statutory responsibility for financial sustainability. Has a duty to ensure budgets align with performance aims and is responsible for oversight of financial risks.
<b>Monitoring Officer</b>	Responsible for ensuring the Council has a good standard of public law decision-making. An effective approach to performance management supports compliance with this.
<b>Leadership Team</b>	Provides active leadership and ownership of Performance and Budget Clinic Boards, ensuring full participations in discussions, challenge and decision-making. Actively manages and drives all actions arising from Clinic Boards, assigning clear owners and timelines. Leads the operational coordination of performance and financial management, ensuring monthly forecast, emerging pressures and savings risks are identified early and addressed promptly.
<b>Chief Executive's Department</b>	Supports the Chief Executive, Mayor, Executive and Leadership Team to provide challenge, ensuring that meaningful outcomes are being measured and targets are set at an appropriate level. Works collaboratively with Finance colleagues to align targets and budgets to the MTFP, and to deliver effective performance management across the Council.
<b>Finance Business Partners</b>	Supports the Section 151 officer and the Chief Executive's Leadership Team and informs the Executive and Elected Members through timely, objective analysis and advice. Provides constructive challenge to directorates to ensure financial sustainability, with financial oversight, robust monitoring of in-year performance, clear escalation of financial risks, and effective operation of Performance and Budget Clinic Boards. Lead on the development and maintenance of the Medium-Term Financial Plan (MTFP), ensuring budgets and strategic priorities remain aligned and financially sustainable.
<b>Internal Audit</b>	Ensures that internal controls are robust and operating correctly and audits the key elements of the performance management process. Reports findings to the Audit Committee to support the annual assurance process.
<b>Heads of Service</b>	Operational accountability for performance and budget management. Develop and maintain Service Plans linked to budgets, performance targets and MTFP pressures. Adopt a proportionate approach to service planning and ensure that this policy is implemented within services and teams, including the identification and recording of steps required to deliver agreed performance targets. Ensure escalation of significant financial and performance risk in an appropriate and timely manner.
<b>Middle Managers</b>	Promote a culture of effective service delivery and be accountable for service performance.
<b>Frontline Managers</b>	Contribute to service planning and manage day-to-day performance.
<b>All employees</b>	Understand the level of personal performance that is expected and deliver on this. Ensure data is entered accurately and in a timely manner.

### Supporting policies, procedures and standards

35. The following policies, procedures and standards will be implemented across the Council to support effective performance management practice.

<b>Information Governance Framework</b>	Sets out a framework for effective information governance within the Council, meeting all legal obligations and underpinning the achievement of strategic objectives.
<b>Risk and Opportunity Management Policy</b>	Sets out how the Council will ensure that risks are effectively managed, and opportunities exploited to maximise delivery of strategic objectives, fully integrated with performance management arrangements.
<b>Partnership Governance Policy</b>	Sets out the Council's approach to developing and managing partnerships to ensure that their contribution to strategic aims and priorities are maximised.
<b>Project and Programme Management Policy</b>	Sets out how the Council will manage its portfolio of programmes and projects to ensure delivery to scope, cost, time and benefits.
<b>Project and Programme Management Framework</b>	Provides more detailed guidance and templates to be used within the life cycle of programmes and projects.
<b>Financial Procedure Rules</b>	Provides guidance to enable the Council to deliver good financial governance to that its strategic aims and objectives can be achieved in a manner that complies with applicable legislation and guidance.

### Monitoring and review arrangements

36. The Council's expectations around performance management are clearly set out within its corporate values and associated staff performance frameworks.
37. All managers and employees are required to comply with this Performance and Financial Management Policy to ensure that the Council effectively manages performance in pursuit of its strategic objectives. Managers and employees will be provided with a range of resources, and where appropriate, training, to support the effective implementation of this policy.
38. An annual assurance report on the Council's performance management arrangements will be submitted to Corporate Audit and Affairs Committee. This will be supported by a targeted internal audit as appropriate, which will be detailed in the Council's annual audit plan.
39. The implementation and effectiveness of this policy and its supporting procedures will be reviewed on a quarterly basis, using the following metrics:
  - availability of plans against corporate profile and timetable;
  - availability of information to support monthly tracking;
  - completion rate of monthly tracking;
  - proportion of business plan objectives on target to be completed in time; and
  - proportion of key performance targets projected to be achieved.
40. This policy will be reviewed every three years, unless there is significant development that would require a more urgent review e.g. new legislation.