MIDDLESBROUGH COUNCIL	Middlesbrough moving forward

Report of:	Head of Chief Executive's Department
Submitted to:	Audit Committee
Date:	3 September 2026
Title:	Performance Management: Assurance Report 2026
Report for:	Information
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)

That the Committee:

- **NOTES** the performance management governance arrangements in place during the last 12 months.
- **NOTES** the progress made in implementing Directorate Plans and integrated financial and performance reporting arrangements.
- **NOTES** the planned areas of development for the next 12 months.
- **CONSIDERS** whether sufficient information has been provided to assure the Committee that appropriate performance management governance arrangements are in place and operating effectively.

Executive summary

This report provides the Audit Committee with information on the Council's performance management governance arrangements and compliance with the Performance and Financial Management Policy which was agreed by Executive in April 2026. It outlines the progress made during the last 12 months, the governance arrangements currently in operation, and planned improvements over the next 12 months.

The Committee is asked to note the arrangements in place and consider whether it is assured that appropriate governance arrangements exist to support effective performance management and decision-making across the Council.

In the last 12 months, significant progress has been made in strengthening the Council's performance management framework. Work was undertaken to:

- Refresh the content of the Council Plan
- Revise the Council's approach to performance management
- Commence implementation of Directorate Plans
- Develop integrated financial and performance management arrangements
- Commence the implementation of integrated performance and financial management governance processes to support effective challenge, oversight and accountability.

The report summarises activity undertaken during the year and planned developments for the next 12 months.

1. Purpose

1.1 The purpose of this report is to provide assurance to Audit Committee regarding the adequacy of the Council's performance management arrangements.

1.2 Good governance requires organisations to maintain effective arrangements for planning, monitoring and managing performance, ensuring that resources are aligned to strategic priorities and intended outcomes.

1.3 The Performance and Financial Management Policy provides the framework through which performance and financial information is monitored, reported and used to support decision-making across the Council.

1.4 This annual assurance report supports the Committee's role in reviewing the effectiveness of governance arrangements and provides assurance regarding the operation of the Council's performance management framework.

2. Recommendations

2.1 That the Committee:

- **NOTES** the performance management governance arrangements in place during the last 12 months.
- **NOTES** the progress made in implementing Directorate Plans and integrated financial and performance reporting arrangements.
- **NOTES** the planned areas of development for the next 12 months.
- **CONSIDERS** whether sufficient information has been provided to assure the Committee that appropriate performance management governance arrangements are in place and operating effectively.

3. Background and relevant information

Progress in the last 12 months

3.1 Following transfer of responsibility for performance management to the current Head of Service, a review of the Council's approach was undertaken, alongside the work to refresh the content of the Council Plan to ensure that there was a clear link between the Council Plan, the priorities within it, the actions being taken and the outcomes to be achieved. Work also commenced to strengthen the golden thread between the Council Plan and the priorities and focus of the Council by re-establishing Directorate Plans. Once in place they will demonstrate a clear link from the Council Plan, through Directorate priorities and into the individual appraisal objectives of Council employees. The last 12 months have focused primarily on reviewing, strengthening and re-establishing core performance management arrangements to address gaps in the previous framework and create a stronger basis for future performance oversight.

3.2 In March 2026, Executive approved the refresh of the Council Plan which was completed to ensure there was a clear set of priorities, outcomes, activities and Key Performance Indicators (KPIs) that clearly set out how the Council will work to achieve the Mayor's priorities as set out in the Council Plan.

3.3 That report also approved the cessation of the Council's transformation programme, which was a time limited programme put in place in response to significant financial pressures. The programme had achieved many of its financial objectives, and the time was now right for the Council to move into the next phase. It was no longer proportionate or sustainable to operate transformation as a standalone initiative.

3.4 This transition represented a deliberate shift in emphasis:

- From discrete projects to continuous improvement owned by Directorates, with a clear golden thread connecting the Council Plan, the performance management framework, and individual appraisal objectives.
- From a dominant focus on cost reduction to a balanced approach covering financial sustainability, service quality, and resident outcomes.
- From centralised transformation activity to local accountability within Directorates, supported by enabling functions.

3.5 The Executive report was clear that the transition was not the end of transformation but a maturing of it. It set out that the Council remained committed to improving outcomes for residents, and this shift provided a more sustainable and accountable operating model. By embedding the principles of continuous improvement within the Council's performance management arrangements, the Council would be able to systematically identify and implement opportunities to improve services and outcomes for its residents and businesses. Implementation of a new Performance and Financial Management Policy, its supporting framework, Directorate Plans and integrated performance and financial management clinics all support this direction of travel.

Performance and Financial Management Policy

3.6 The following month, in April 2026, Executive approved the creation of a Performance and Financial Management Policy, which replaced the lapsed Performance Management Policy of the Council. The policy was amended to set out how the Council would ensure that Performance, Finance and Risk would be considered within one holistic process. It was designed to deliver the following aims:

- Strategic oversight and reporting that provides a holistic view of performance, finance and risk, focussed on delivery of the Council Plan ambitions.
- Providing one view of key areas that enables the Council to have a clear line of sight on outcomes being delivered, the financial resources being spent on achieving those outcomes and the risks the organisation is managing
- Supporting improved transparency by presenting performance information alongside financial and risk information
- Reducing the risk of siloed decision making in the three disciplines and improving the Council's ability to identify pressures and opportunities through presentation of data on both performance and finance and risk within one process.

Re-establishment of Directorate Plans

3.7 During 2026, Directorate Plan templates were developed and population of them has commenced across all Directorates. They will strengthen the link between strategic priorities and service delivery. It is anticipated that this exercise will be completed by September 2026. Progress against commitments within them will then be tracked through the integrated clinics process to improve the support Directors have to identify pressures and opportunities within their areas and ultimately improve outcomes for residents.

3.8 The plans support the embedding of Council Plan priorities and KPIs within Directorate planning while also providing a mechanism for Directorates to be able to capture and deliver their wider statutory, regulatory and good practice framework obligations as well as their expected contributions to cross-cutting, Council-wide strategies.

Integrated Financial and Performance implementation

3.9 A significant focus this year has been, and will be, on the development and implementation of integrated financial and performance reporting arrangements, with the first reporting cycle taking place in July 2026 and being reflected in the integrated quarterly outturn report to be considered by Executive in September 2026.

Planned Activity to further strengthen arrangements over the next 12 months

3.10 A programme of continuous improvement will be undertaken over the next 12 months to further enhance the maturity and effectiveness of the Council's performance management framework. During this first year of implementation, there is a strong focus on application of a test and learn approach to implementation.

3.11 Other planned activities include:

- Developing supporting systems to enable commitments captured within the Council Plan and Directorate Plans to support oversight and management
- Recruiting to officer posts within the corporate performance team to increase capacity to support the integrated financial and performance management framework
- Refining and strengthening Directorate Plans, learning from the first year of implementation to improve them further.

3.12 Delivery of these actions will support further maturity of the Council's performance and financial management framework and strengthen organisational assurance arrangements.

Conclusion

3.13 Based on the work undertaken during 2025/26 and the implementation activity completed to date in 2026/27, officers are satisfied that appropriate performance management governance arrangements are currently in place and continue to mature. No significant weaknesses have been identified that would prevent effective oversight, challenge or decision-making.

4. Other potential alternative(s) and why these have not been recommended

4.1 Not applicable.

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including Social Value)	There are no direct financial implications arising from this report. Activity described is delivered through existing resources.
Procurement	There are no procurement implications arising from the recommendations to note the current and planned actions in relation to performance management.
Legal	The report supports the Council's governance arrangements and contributes to the discharge of its Best Value responsibilities.
Risk	Effective performance management arrangements help mitigate risks associated with poor governance, weak performance oversight and ineffective decision-making.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no direct impacts arising out of this report, however effective use of data within performance management supports better decision making, reducing the risk that the Council could fail to comply with its legal obligations in relation to human rights, the Public Sector Equality Duty and community cohesion.
Reducing poverty	There are no direct impacts arising out of this report, however effective use of data within performance

	management supports better decision making in relation to the delivery of services that contribute to poverty reduction objectives.
Climate Change / Environmental	There are no direct impacts arising out of this report, however effective use of data within performance management supports better decision making in relation to climate change and environmental issues.
Children and Young People Cared for by the Authority and Care Leavers	There are no direct impacts arising out of this report, however effective use of data within performance management supports better decision making in relation to the needs of children and young people cared for by the authority and care leavers.
Data Protection	No direct impact. No personal data is processed as part of the recommendations in this report.

Background papers

Body	Report title	Date
Audit Committee	Performance and Risk Management: Annual Assurance Report 2021	6 April 2022
Executive	Performance and Financial Management Policy	8 April 2026

Contact: Caroline Siddle, Corporate Performance Manager
Email: caroline_siddle@middlesbrough.gov.uk