Torbay Council

Performance and Risk Management Framework

November 2015

1. Introduction

This document sets out the Council's approach to performance and risk management. It sets out what we mean by performance and risk, the process for identification, monitoring, reporting and escalation as well as the roles and responsibilities of officers across the Council and Elected Members.

Understanding our performance and managing risk effectively means the organisation is better able to achieve the ambitions set out in the Corporate Plan. At a time of increasing budgetary pressures and demand for services, being able to do this effectively is critical in ensuring the council can not only deliver services within its budget, but deliver services which are fit for purpose and meet the needs of the community.

Definitions

- Performance Management: The process of identifying and understanding those things that the council needs to measure in order to know if it is achieving its operational and strategic objectives.
- Performance Indicator: A measure which shows a trend or performance against a set target.
- Strategic Risk: An event that, should it happen, would impact on our ability to achieve the ambitions identified in the Corporate Plan.
- Operational Risk: An event that, should it happen, would impact on a business unit's ability to achieve its objectives.

2. Performance and Risk Management Process

2.1 The Process

At a strategic level (working with the Council's Senior Leadership Team) a series of performance indicators and risks will be identified which align to the Corporate Plan. These performance indicators and risks will be monitored within a series of 'dashboards'.

A dashboard will be created for each theme within the Corporate Plan, as well as a dashboard to monitor corporate performance.

In total seven dashboards will be created:

- o Protecting all children and giving them the best start in life
- o Prosperous Torbay
- o Promoting healthy lifestyles
- o An attractive and safe place
- o Protecting vulnerable adults
- o Running an efficient Council
- o Arms Length Organisations

At an operational level, business units will still continue to develop and manage their own performance and risk measures aligned to their specific service areas.

A 'Performance and Risk Group' will be established to assist in the monitoring of the strategic level performance and risk. The purpose of this Group is to bring performance and risk 'to life,' with key operational officers from across the Council coming together to actively consider and challenge each other on the six dashboards and what is contained within them (as listed above). The Performance and Risk Group will meet quarterly.

Please see appendix one for the full Terms of Reference for the Performance and Risk Group.

The Performance and Risk dashboards will also be presented to the Council's Senior Leadership Team (SLT) for them to review on a monthly basis. This will enable SLT to be able to review and challenge the council's performance and risks on a regular basis and identify improvement actions or mitigations required. Feedback from the SLT meetings will then be presented to the Risk and Performance Group at their quarterly meetings.

If SLT identify areas of concern, or areas where they require further information then recovery plans will be requested and presented by the relevant Director/Executive head at the next SLT meeting (meetings are fortnightly). Please see appendix two for a copy of the recovery plan template.

Quarterly a composite report including performance, risk and financial management information will also be considered by the Overview and Scrutiny Board, in a public forum. This will mean that there is open, democratic review and challenge to how well the Council is meeting its ambitions within the financial envelope.
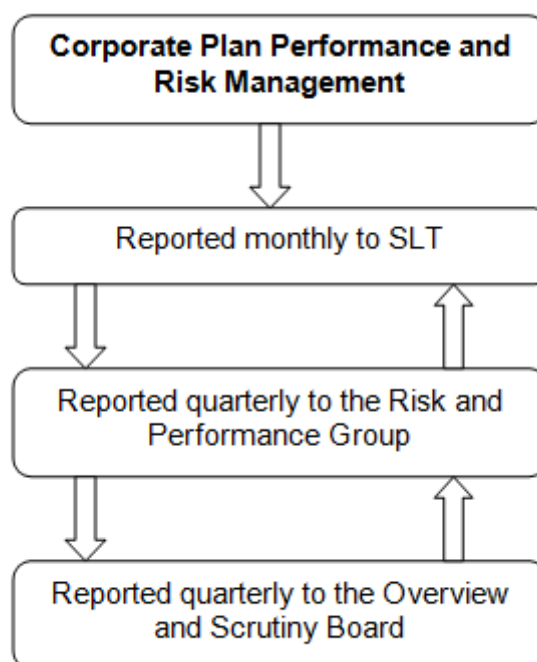
At an operational level the Corporate Support Team will assist business units in developing performance and risk for their service areas, where appropriate to ensure that the thresholds for performance indicators and scoring for risks are appropriate and evidence based.

Operational performance indicators and risks will be reviewed by Corporate Support working with business units on a quarterly basis. As part of this quarterly review discussions will be held around any underperforming indicators to challenge whether they should be escalated to be included on the strategic performance and risk dashboards.

If any underperforming areas are identified as part of the quarterly operational review a recovery plan template will need to be completed by the relevant service manager – this will be sent to the Corporate Support team to review.

Outside of this process officers, managers and Executive Heads will be required to inform the Corporate Support Team of any underperforming performance indicators, or any new risks identified throughout the year which need to be reported, either through Senior Leadership Team (SLT) or directly to the Corporate Support Team.

2.2 Scoring Risk and Performance

Thresholds for identifying whether a performance indicator should be rated red, amber or green will be developed with business units based on evidence, targets and statutory guidance / measures (where these are set). This will ensure that thresholds and escalation are not based on arbitrary measures. Likewise, the scoring of risks will be developed with business units and based on evidence and existing mitigations. Risks will be scored against the matrix set out below, the criteria for scoring risks is attached in appendix three.

2.2 Risk Matrix

Impact	Rare	Unlikely	Possible	Likely	Almost Certain
Critical	5	10	15	20	25
Major	4	8	12	16	20
Moderate	3	6	9	12	15
Minor	2	4	6	8	10
Insignificant	1	2	3	4	5

Probability

2.3 Data collection and reporting

Corporate performance indicators and risks (which appear on the dashboards) will be collated on the Council's performance management database spar.net.

SPAR.net will be used for all operational performance and risk monitoring, unless an alternative is agreed with the Corporate Support Team due to the way in which data is reported. To ensure oversight of operational performance and risk the Corporate Support Team will meet with performance leads from each service area on a quarterly basis. During these meetings all performance indicators and risks will be reviewed to ensure they remain accurate and relevant, together with any recovery plans in place. If any underperforming areas or new risks are identified these will then be escalated to the corporate dashboards, for review by SLT.

To ensure full coverage of performance and risk matters, officers, managers and executive heads will be required to inform the Corporate Support team of any underperforming performance indicators, or any new risks identified throughout the year which need to be reported.

On a monthly basis the Corporate Support team will produce a Performance and Risk Dashboard for each Corporate Plan theme which will be presented to SLT. The Corporate Support Team will produce an executive summary to accompany the dashboards which will set out any issues of concern and / or for consideration. In the

case of any risks escalated to SLT, executive heads will be required to set out the mitigations being put in place to reduce the risk.

Dashboards will be reviewed and challenged on a monthly basis at SLT and once a quarter, a composite report including performance, risk and financial management information will be produced for all elected members and considered by the Overview and Scrutiny Board.

3. Roles and Responsibilities

- Executive Heads and their management teams to identify business unit level performance indicators and risks and monitor these on a regular basis.
- Executive Heads to ensure that performance and risk information is kept up to date and recorded on spar.net (where appropriate) on a monthly basis.
- SLT to review and challenge monthly Performance and Risk Dashboards and identify improvement actions or mitigations required.
- Executive Heads (Individually and as SLT) to identify future potential "service" changes (as a result of (for example) over- or under-performance, increased risk, policy and/or budget changes, changes in demand) to enable appropriate engagement and decision making.
- Elected Members Review and challenge quarterly Performance and Risk reports through Overview and Scrutiny.
- Performance and Risk Group – please see terms of reference at appendix one for the responsibilities of this group.

The Corporate Support Team will:

- Assist business units in developing both operational and corporate performance indicators and risks to ensure that the thresholds for performance indicators and risk scores are appropriate and evidence based.
- Provide support to business units in maintaining appropriate performance and risk information, ensuring that information adds value rather than bureaucracy.
- Provide support to business units in uploading and maintaining information on spar.net. where applicable.
- Collate information into the dashboard on a monthly basis for SLT - any data which has not been supplied by the deadline will be shown as a non return.
- Provide support to the Executive Director in reviewing and challenging the quarterly performance, risk and financial management information in order to escalate issues of concern onto the dashboard as and when they arise.
- Manage the Performance and Risk Group – i.e. set up meetings, chair meetings, produce agendas etc
- Provide support to the Overview and Scrutiny Board in reviewing and challenging the quarterly performance, risk and financial management information.

Appendix One – Performance and Risk Group Terms Of Reference:

Risk and Performance Group

Draft Terms of Reference

The Risk and Performance group has been established to assist in the monitoring of strategic level performance and risk. The purpose of this Group is to bring performance and risk 'to life,' with key operational officers from across the Council coming together to actively consider and challenge each other on the six Performance and Risk dashboards and what is contained within them (as listed below).

The Group:

a) Membership

Representatives from each of the service areas detailed below are required to attend each meeting:

- Joint Commissioning Team
- Joint Operations Team
    - Community and Customer Services
    - Corporate and Business Services

Directors and Executive Heads are asked to nominate 2-3 Service Managers/Officers from within their departments to attend the Risk and Performance Group. Not all officers will be required to attend each meeting to ensure that there is new challenge at each meeting, and so that different perspectives can be heard.

b) Deputies

Service areas should ensure that if they are unable to attend, someone with the appropriate knowledge and authority is asked to deputise.

c) Meetings

Meetings will be held quarterly.

Draft agenda items should be given to the organiser of the meeting one week before the meeting takes place.

Terms of Reference:

- To review and challenge the Councils 'Performance and Risk Dashboards'
    - Protecting all children and giving them the best start in life
    - Prosperous Torbay
    - Promoting healthy lifestyles
    - An attractive and safe place
    - Protecting vulnerable adults
    - Running an efficient council

- To scrutinise and score performance indicators and risks according to likelihood and impact factors.
- To raise corporate risk issues to be escalated to SLT (Senior Leadership Team), and to Overview and Scrutiny where key and corporate decisions are needed.
- To regularly review all performance indicators and risks, including projects.
- To ensure that the councils have a suitable performance and risk management framework to address, mitigate and manage performance and risk at all organisational levels, and within projects.
- To ensure a suitable process is in place, to escalate risks into the Performance and Risk Dashboards from lower levels, and equally to move risks down from the Performance and Risk Dashboards.
- To report on performance and risk management regularly, for example, in each Council's quarterly performance reports, to SLT, and to Overview and Scrutiny.
- To invite relevant officers or members to attend the Performance and Risk Group when required to consider particular risks and issues.
- To review the Terms of Reference when necessary.

Appendix Two – Recovery Plan Template:

Recovery Plan Template

All fields must be completed:

Name and Number of Performance Indicator/Risk:		
Date of Recovery Plan:		
Why is this indicator/risk underperforming?		
What actions are required to put this indicator/risk back on track?		
Key Actions to be taken:	**Milestones (Dates):**	**Officer Responsible:**
Approved by Director/Executive Head:	Yes/No	
Approved by SLT	Yes/No	

Appendix Three - Criteria for Assessing Risk Score

Category/ Descriptor	Insignificant	Minor	Moderate	Major	Critical
Operational delivery	Service delivery affected but not disrupted	Some disruption to specific service	Disruption to a number of service areas	Shutdown of specific service area/ disruption to a number of service areas	Shutdown of a number of service areas
Strategic Direction	Slight, temporary deviance from one area of strategic direction	Slight, temporary deviance from several areas of strategic direction	Significant deviance from one area of strategic direction	Significant deviance from several areas of strategic direction	Strategic direction totally compromised/ unrecoverable
Council Financial Impact	Loss of less than 0.5% of monthly budget or £5,000	Loss of more than 1% of monthly budget or £50,000	Loss of more than 5% of monthly budget or £100k	Loss of more than 10% of monthly budget or £500k	Loss of more than 15% of monthly budget or £1m
Legal	Sued for small amount of money	Court action – not prolonged	Prolonged court action/tribunal	Court action impeding delivery of Council objective	Protracted high profile legal proceedings
Governance	Individual internal control not effective	Number of internal controls not effective	Loss of confidence in internal controls requires senior officer intervention	Loss of confidence by Council or external audit bodies/suspension of Council officers	External body required to intervene in governance of Council
Reputation	Minor adverse publicity in local media	Significant adverse publicity in local media	Significant adverse publicity in national media	Sustained adverse publicity in national media Member dissatisfaction	Chief Operating Officer and/or Elected Member resignation/ removal
Workplace health & safety	Incident – no lost time & near miss	Less than 3 days lost	More than 3 days absence	Serious injury/ stress resulting in hospitalization	Fatality (not natural causes)
Health	No detrimental impact on health of individuals	Health issues will require treatment at community level	Health issues will require treatment in hospital	Long-term or acute health issues	Fatalities
Security	No notifiable or reportable incident	Localised incident. No effect on operations	Localised incident. Significant effect on operations.	Significant incident involving multiple locations	Extreme incident seriously affecting continuity of operations.
Social & Environmental Factors	No lasting detrimental environmental or social impact	Short-term detrimental environmental or social impact to localised area/ small group	Short-term detrimental environmental or social impact to wider community/ area/groups	Long-term detrimental environmental or social impact to wider community/ area/groups	Extensive detrimental long term impact on the environment and community
Assets	Low level loss or damage to asset; no effect on service or community provision	Short-term loss of asset not critical to service or community provision	Long-term loss of asset not critical to service or community provision	Short-term loss of asset critical to service or community provision	Total long-term loss of asset critical to service or community provision
Other services/ organisations	Service delivery by other services /organisations affected but not interrupted	Some interruption to specific services provided by other services /organisations	Disruption to a number of service areas provided by other services /organisations	Shutdown of specific service areas provided by other services /organisations	Shutdown of a number of service areas provided by other services /organisations
Local economy	Low level economic decline/ rise in unemployment	Significant economic decline affecting under 10% of businesses/rise in unemployment across limited no. of areas of Torbay	Significant economic decline affecting between 10% and 15% of businesses/rise in unemployment across Torbay	Significant economic decline in more than 15% of businesses/rise in unemployment across many areas of Torbay	Economic decline and unemployment is significant across all of Torbay