

Executive

Performance and Risk Management Framework 2011/12

7 March 2011

Report of Interim Chief Executive and Corporate Strategy and Performance Manager

PURPOSE OF REPORT

This report outlines the Council's performance and risk management arrangements for 2011-2012 reviewed in the context of significant changes to the national performance and inspection regime.

This report is public

Recommendations

The Executive is recommended:

- (1) To agree the proposed approach to performance and risk management for 2011/12 and request that these changes are reflected in the Council's Performance and Risk management Framework.
- (2) To agree the measures and risks that will make up the Council's performance and risk management framework for 2011/12 (appendix 1).
- (3) To request that officers report on any new performance requirements instigated by the government in the quarterly Executive reports throughout 2011/12 and work to identify and adopt examples of good practice nationally to ensure the Council's performance management remains robust and transparent.

Executive Summary

Introduction

- 1.1 Cherwell District Council has a strong track record of performance management. In 2009 the performance management framework was fully reviewed and strengthened and during 2009/10 risk management has been aligned with performance management processes resulting in improved management information and more efficient business processes.
- 1.2 Since May 2010 the coalition government has made it clear that the previous nationally determined and controlled performance regime does not reflect its aspirations in terms of localism or transparency and has begun to dismantle the requirements. Policy statements to date indicate that the government will expect performance priorities and management to be locally determined,

clearly accountable to local residents and less onerous in terms of resources.

- 1.3 The Council has taken this opportunity to review its existing performance management arrangements to meet the new national policy agenda. This report makes a series of proposals to streamline performance management with the aim of freeing up resources and producing locally relevant performance information which enables residents and local business to hold the Council to account.
- 1.4 The Council has also reviewed and updated its Risk Management Strategy and register in line with good practice. The updated Strategy was presented to the Accounts, Audit and Risk Committee on 13 December 2010 and approved by them. Risks are reviewed by the Corporate Management Team on a monthly basis where new risks can be added as required and existing risks amended.

Proposals

- 1.5 The Executive is asked to agree the recommended changes to the Council's performance management framework and note the efficiency savings resulting from these changes. Improvements include:
 - Ensuring our performance information is closely tied to local priorities
 - Streamlining the corporate plan and performance processes
 - Providing better access to performance information for the public
 - Maintaining current areas of strength
- 1.6 The Council's performance and risk framework has been revised to take account of the new approach; following this the Executive is also recommended to agree the streamlined performance measures and scorecards that will be monitored during 2011/12. These measures include the new corporate plan, the corporate improvement plan and the priority service indicators for 2011/12. The revised framework is set out in appendix 1. The Council's performance and risk management framework and the risk management strategy are available as background papers to this report.
- 1.7 In addition to the recommended changes to the Council's performance management framework the Executive is also asked to note that the full implications of new government policy in relation to performance are not yet known. A single set of data that the local authorities are expected to collect has been published and the requirements have been recognised within the Council's performance measures for 2011/12. However, potential changes in relation to peer review and performance self assessment are not yet clear. As such it is proposed that any subsequent policy developments are brought to the Executive as part of the Council's quarterly performance monitoring report and that the Portfolio Holder for Performance is briefed on a monthly basis on emerging policy. It is also recommended that the team responsible for performance management continue to seek examples of good practice to ensure the Council retains a strong focus on good performance.

Conclusion

- 1.8 Cherwell District Council has a track record of strong performance and risk management arrangements. Changing national policy means that the Council has taken the opportunity to make efficiency savings with regards performance management. In 2011/12 the Council will focus its performance management efforts on local priorities and the provision of transparent information about what the Council does and how well it does it.

Background Information

2.1 Cherwell District Council's Approach to Performance Management

Over recent years Cherwell District Council has improved and embedded its approach to performance management. There is a dedicated portfolio holder with responsibility for performance improvement and data quality and a small corporate team sat outside the directorate structure charged with ensuring performance is effectively reported, challenged and underpinned by high quality data.

In 2009 the Council updated and strengthened its performance management framework. This resulted in improved information for CMT and an integrated approach to performance and risk management.

There are always opportunities for improvement, and specific developmental areas for Cherwell have been identified as:

- Ensuring performance information is readily accessible for the public, Members and staff through improved communication and publication of data
- Remaining vigilant about data quality
- Developing a set of local measures that can be benchmarked effectively

2.2 Changes to the National Performance Regime

Since forming a government in May 2010 the coalition has made several significant changes to the national performance and inspection regime that have an impact on all local authorities. The most significant of these are:

- The cancellation of Local Area Agreements (LAAs)
- The deletion of the national indicator set (NIs)
- The removal of the requirement to undertake the Place Survey
- The abolition of the Audit Commission and the associated local government inspection regime (comprehensive area assessments including the use of resources assessment)
- The requirement to publish all items of expenditure over £500, contracts and tender documents in full
- The new single set of data that local authorities will be required to produce
- Emerging policy around increased accountability and control for local communities (for example in the Localism Bill and the transparency agenda)

In addition, the Coalition 'programme for government' document made a number of more general commitments that are of relevance to local authorities and key partners:

- To make the police publish crime data at local levels to ensure people can challenge the performance of the police
- To create a new 'right to data' so that government-held datasets can be requested and used by the public, and then published on a regular basis
- To require all councils to publish meeting minutes and local service and performance data
- To ensure all data published by public bodies is in an open and standardised format, so it can be used easily with minimal cost to third parties

In summary these policies shift the focus of performance management from a rigid nationally determined framework to a more locally orientated approach with greater flexibility for local authorities to set and publish performance measures that more directly meet local priorities and with less resource focused on a nationally determined set of indicators.

2.3 Local Government Sector Response

In response to the new policy direction the Local Government Association (LGA) issued a consultation paper 'Sector Self-Regulation and Improvement' regarding the future of performance management for local authorities. The proposals cover improvement, performance and assessment:

- Developing a benchmarking tool for councils to use comparing unit costs, performance and outcomes.
- Developing a self evaluation tool and a model dashboard for self assessment – to be published annually.
- Peer reviews/assessments, sector led with a wider range of peer support including colleagues from policing and health sectors.
- Improved opportunities to share good practice (a wider knowledge hub).
- The LGA will identify 'early warning signals' to identify poor performance and options for support.
- Councils are welcome to set up sub-regional support/improvement networks to replace the Regional Improvement and Efficiency Partnerships (RIEPS).
- In place of Public Service Agreements (PSAs) the LGA is suggesting a short set of national outcomes (approx 5) with a set of national indicators (e.g. 10) that councils would publish against locally. These national outcomes and indicators would augment local priorities.

It is not yet clear what self assessment may look like or the nature of any specific implications for district councils.

2.4 Implications for Cherwell District Council

The known implications of these changes for Cherwell District Council are:

- A reduction in external inspection requirements
- A continued commitment to local performance reporting and meeting the aspirations of the transparency agenda
- Ensuring that locally determined performance information is robust and

meets local needs

- A potential gap in the availability of comparative or benchmarking data to support value for money and improvement work
- An, as yet, unknown process of self-assessment and regulation

Given the fact that some areas of performance policy are still unknown the recommended changes outlined in paragraph 2.5 below may be augmented with additional actions as required. Any new policy implications will be brought to the Executive as part of the quarterly performance reporting cycle as outlined in recommendation 4 of this report. The Portfolio Holder for Performance will also be briefed.

2.5 Recommended Developments to Cherwell District Council's Performance Management Framework for 2011/12

The Council has clearly demonstrated its commitment to performance management through its investment in P+ (performance management software), its previous approach to external assessment and its continuing corporate focus on performance. Part of the Council's approach has included a focus on customer service performance measured through surveys, consultation and opportunities such as gov metric (customer satisfaction measurement). In the absence of nationally defined measures and given the increasing importance of 'localism' it is not anticipated that a reduction in customer orientated measures would be advantageous in the immediate future.

In 2009 the Council undertook a full review of its performance management framework. As such, it is recommended that no significant changes are made with the exception of making processes more efficient and embedding new national requirements clearly within existing arrangements.

Taken with the changes in national policy, emerging sector responses with regards to self assessment and regulation and the Council's own performance management approach, the following developments are recommended for the Performance Management Framework:

Leadership

- The Executive Portfolio role for performance demonstrates a strong commitment to performance, quality and improvement. Maintaining this focus would ensure that there is strong political oversight of performance.
- The Local Strategic Partnership should continue to improve its approach to performance management – demonstrating that partners are working (cost) effectively together.

Performance Management Arrangements

- Where national policy develops any required changes should be integrated into existing arrangements rather than result in another fundamental review of the Council's performance arrangements.
- Continue to build links with county, neighbouring and similar authorities to support benchmarking and share good practice.
- Medium Term Strategies - provide a six monthly narrative update on the medium term strategies.
- Improve public access to performance information on the Council's

website.

External Assessment

- The Council should explore the opportunity to put senior managers and Members into positions of peer assessors, this will help the Council to learn from others' experiences and also demonstrate our commitment to the new national performance management landscape.
- When the peer assessment methodology is produced the Council should undertake an exploratory self assessment to understand the implications of the new arrangements and help to shape its own improvement and development plans.
- Work with local partners (from public, private and voluntary bodies) to undertake or support proportionate self evaluation.

Data Quality

- Continue the risk based annual programme of performance information checks supported by internal audit, and in doing so audit local performance indicators.

Performance Management Software

- Develop enhanced management reporting tools to better support service managers.
- Develop the performance and risk officers group to enhance skills and reduce training and development costs.

Options for Shared Services

Performance Management is an area where there is potential to share services with another authority. To achieve a robust and effective arrangement some development time would be required to ensure data collection, storage and analysis processes are consistent and that the performance management framework supports the strategic priorities of both Councils.

These changes reflect a continuation of the Council's commitment to performance management, they form part of the Council's corporate governance framework, they reflect the national policy context and represent a saving to the Council of approximately £35,000. This saving has been built into the 2011/12 budget.

2.6 Performance Scorecards – Content for 2011/12

In line with national policy the performance information to be reported to the Executive and the public has been streamlined and focused more keenly on local priorities. Performance reporting will be based on the following themes:

- The corporate scorecard – public pledges, finance, Human Resources and customer performance measures
- The corporate plan
- The value for money and improvement plan
- Brighter Futures in Banbury (key strategic priority)
- Partnerships (significant county and district wide partnerships)
- Corporate Equalities Plan

- Priority Service Indicators
- Risks

Appendix 1 outlines the design and content of the proposed corporate scorecard which will form the basis of the quarterly performance monitoring report that the Executive will receive.

2.7 Savings and Efficiencies Relating to Performance Management

As noted in paragraph 2.5 the Council has identified efficiencies in relation to performance management of approximately £35,000. These are detailed in full in the value for money review of the Corporate and Democratic Core considered the by Executive on 6 December 2010 and have been built into the 2011/12 budget. Savings include a reduction in the number of staff employed to undertake performance and risk related roles, the streamlining of business processes, and savings associated with software and training costs.

There is also the possibility of further performance related savings to be generated through partnership working with South Northamptonshire District Council.

2.8 Risk Management

Originally adopted by the Executive in 2003, the purpose of the Risk Management Strategy is to outline an overall approach to risk management that addresses the risks facing the Council in achieving its objectives, and which will facilitate the effective recognition and management of such risks.

The Council has a strong track record in risk management and over the last 18 months has worked to integrate performance and risk reporting. As part of this project a single reporting system has been developed, the risk register has been fully reviewed and there are opportunities to streamline internal management arrangements by further integrating risk and performance work for example by developing a single performance and risk officers group.

Members have a key role to play in ensuring that risk management is fully embedded within the Council, and this is highlighted in the Risk Management Strategy, which states that commitment from Members, as well as staff, is crucial to the principles of risk management and control, and also highlights the respective roles of the Accounts, Audit and Risk Committee, the Executive, and individual portfolio holders.

Given the work that has taken place over the last 18 months it is not recommended that the Council makes any significant changes to its risk management system other than the routine review and updating of the risk register and emerging good practice. The Risk Management Strategy has been reviewed and updated and a report detailing this was received by the Accounts, Audit and Risk Committee at their meeting in December 2010.

The updated Risk Management Strategy and Risk Register forms part of the background papers to this report.

Key Issues for Consideration/Reasons for Decision and Options

3.1 This report presents the Council's proposed approach to performance management from 2011/12. It reflects changes in national policy and outlines a clear locally determined approach to ensure performance and risk management remains robust and focused on local priorities. The report also highlights areas where savings and efficiencies in relation to performance management have been found.

The following options have been identified. The approach in the recommendations is believed to be the best way forward

Option One

The Executive is recommended:

To agree the proposed approach to performance and risk management for 2011/12 and request that these changes are reflected in the Council's Performance and Risk management Framework.

To agree the measures that will make up the performance management framework for 2011/12 (appendix 1).

To request that officers report on any new performance requirements instigated by the government in the quarterly Executive reports throughout 2011/12 and work to identify and adopt examples of good practice nationally to ensure the Council's performance management remains robust and transparent.

Option Two

To identify any additional issues for further consideration or review.

Consultations

No specific consultation on this report is required. However, it should be noted that several of the Council's performance measures are based on public consultation or customer feedback.

Implications

Financial:

Financial Effects – the resources required to support performance management have been reduced as part of a value for money review of the service and in line with national policy requirements, resulting in a saving of approximately £35,000.

Comments checked by Karen Curtin, Head of Finance
01295 221551

Legal:

The report recommends that any new statutory performance reporting requirements are embedded with the Council's performance management framework and that these changes are clearly identified.

Comments checked by Liz Howlett, Head of Legal and Democratic Services, 01295 221686

Risk Management: The purpose of the Performance Management Framework is to enable the Council to deliver its strategic objectives and improve customer satisfaction. All managers are required to identify and manage the risks associated with achieving this. All risks are logged on the Corporate Risk Register and there is an update on managing risks recorded at least quarterly. These requirements will remain part of the Council's performance management framework.

Comments checked by Rosemary Watts, Risk and Insurance Officer, 01295 221566

Data Quality The Council's commitment to robust performance management remains and this includes a data quality policy and guidelines to ensure reliable management information continues to be delivered.

Comments checked by Helen Hayes, lead officer on data quality, 01295 221751

Wards Affected

All

Document Information

Appendix No	Title
Appendix 1	Performance measures for the 2011/12 performance management framework.
Background Papers	
<ul style="list-style-type: none"> • Cherwell District Council Performance Management Framework. • Cherwell District Council Risk Management Strategy and Register. • Value for Money Review – Corporate and Democratic Core (Executive Papers 6th December 2010) • 'Sector Self Regulation and Improvement' (LGA – consultation paper http://www.lga.gov.uk/lga/aio/13733907) 	
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