

## Performance and Financial Management Framework



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## **Why managing our performance is important**

Councils are complex organisations and performance management is about understanding and managing the culture, behaviours and results within the organisation. Competent performance management ensures that the organisation gets the best value for money out of the resources that are available to it. It supports the effective co-ordination of activities to ensure we are meeting our statutory obligations as well as the objectives agreed with Elected Members and key stakeholders and linking these to the financial resources available..

A performance and financial management framework is an important and necessary tool to:

- Identify the needs of our local communities and plan our services accordingly
- Enable efficient and effective use of the talents and capabilities of people
- Identify unsatisfactory performance early so that the right action can be taken to address it
- Support a culture of continuous improvement
- Ensure people understand and appreciate how the work they do contributes to the overall performance of the Council
- Demonstrate accountability nationally and locally to government, regulatory bodies, elected members, partners, staff and the public
- Support decision-making and the allocation of funding
- Identify achievements so success can be acknowledged.
- Understand and plan the financial resources of the Council over the medium to long term.
- Align financial resources to Corporate priorities.

## **The national context**

The national landscape of performance management has changed significantly during the administration of the current government. Corporate inspection regimes such as Comprehensive Area Assessment have been abolished alongside the removal of the National Indicator Set and Local Area Agreement regime. Whilst some national indicators and targets remain the large corporate inspection and performance regimes are being scaled back, to be replaced by a greater focus on more robust and systematic sector self-regulation and assessment. Councils are developing local indicators and success measures, increasingly focused on outcomes in order to show what impact and difference the investment of resources and activity is making to the local economy and communities. However, not all regulatory inspection has been abolished. A substantial inspection regime continues to exist in Children's Services and in the regulation of Adult Social Care providers, alongside emerging developments in self-regulation and assessment in those particular sectors. A number of national outcomes frameworks, such as the one for public health, are emerging which will need to shape local performance frameworks.

The financial landscape has also changed significantly with Councils having to manage significant reduction in levels of funding and this is expected to continue into the future. This makes the allocation of financial resources to priorities and links between finance and performance extremely important.

## **Our performance management framework**

Our performance management framework endeavours to identify and bring all the various aspects of performance management together in order that there is a coherent picture of the performance landscape for the Council. It also brings together performance management and financial management into a single coherent framework.

The various aspects of the framework are:

Aspect 1 – Assessment of need and planning

Aspect 2 – Review, reporting and challenging (internal and external)

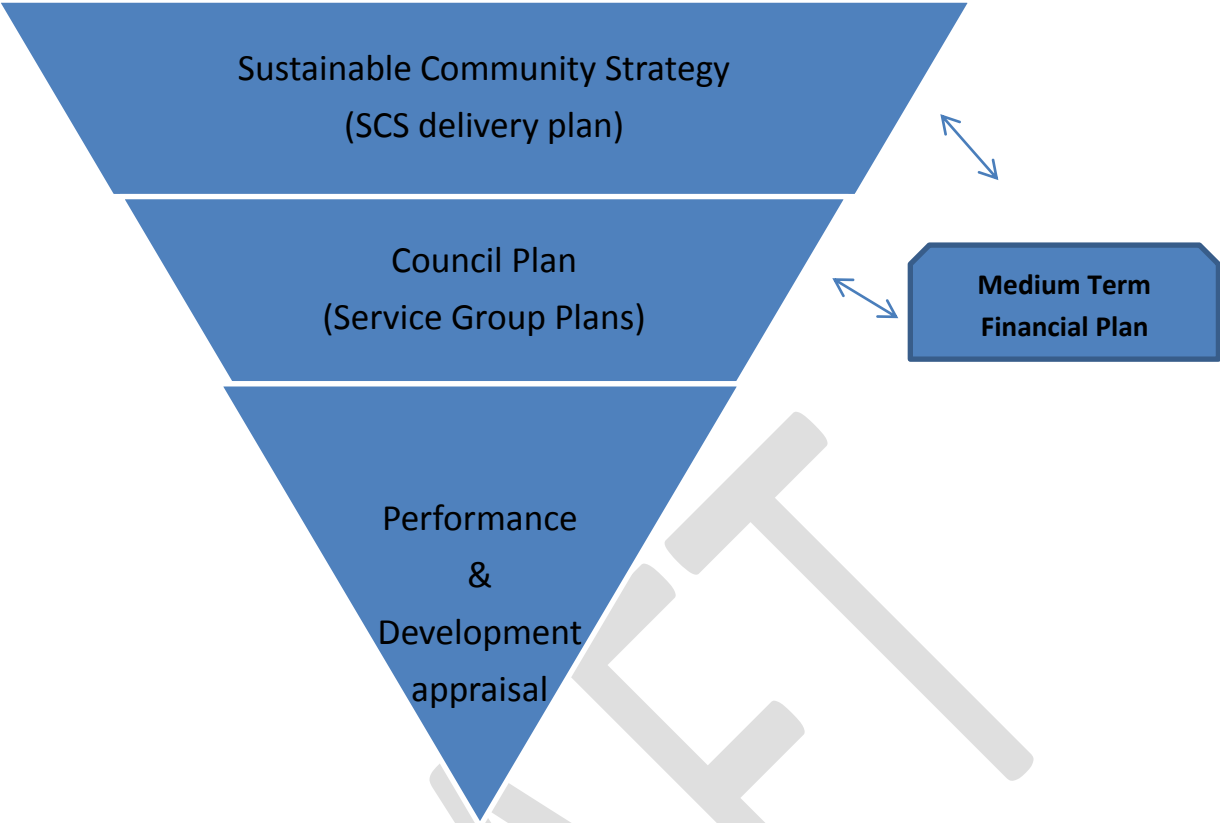
Aspect 3 – Recording

Aspect 4 – Data quality

### **Needs Assessment and Planning**

There are a number of key documents that form the foundation of the strategic planning framework for the Council and these are shown in the diagram below. These plans are informed by needs assessments carried out by the Council in conjunction with its partners and include:

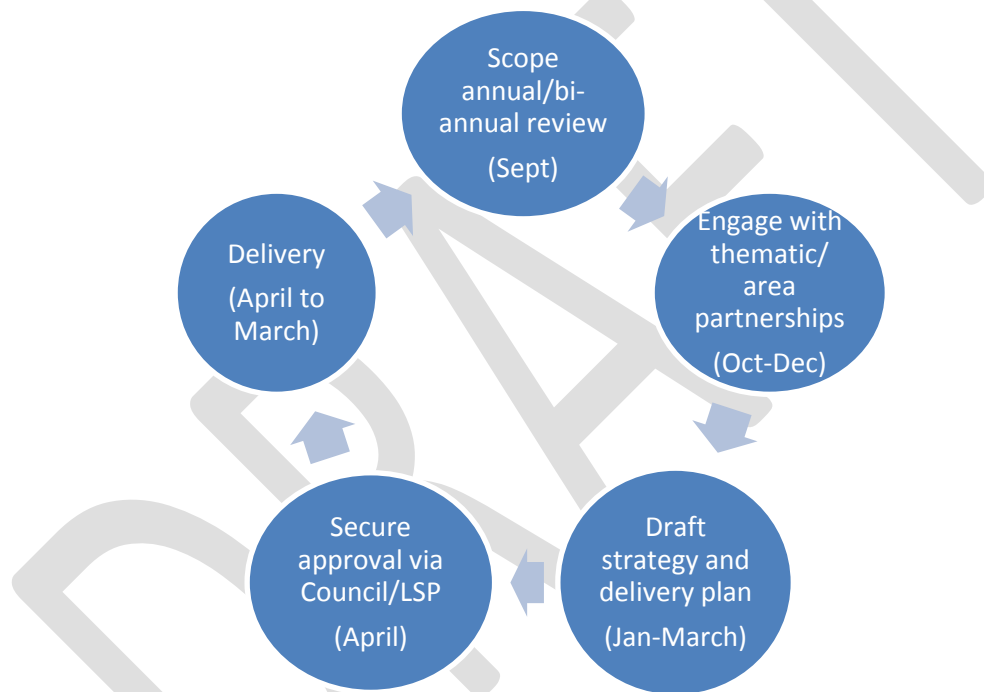
- Joint Strategic Needs Assessment which is an assessment of the health, well being and care needs of local communities
- Customer insight data
- Resident Surveys which captures the views of local residents in relation to what is important to them and levels of satisfaction with Council Services
- The Crime Survey which offers residents the opportunity to have their say about what is important to them in the areas of crime and anti-social behaviour
- Index of Multiple Deprivation data
- The Community Vitality Index produced by Tees Valley Unlimited
- Determination of public sector equality objectives



## Sustainable Community Strategy

'Shaping the Future' is the Sustainable Community Strategy for the borough of Stockton-on-Tees. It sets out the vision and ambitions for the Borough to 2021 which the Council and its key partners aspire to deliver in relation to 'Promoting achievement and tackling disadvantage'. It aims to ensure a better quality of life of all people living in the borough now and for future generations. It was developed following extensive public consultation and engagement and is currently being reviewed in the light of the widespread changes to national government policy and legislation, changes to the infrastructures within local key partner organisations and taking account of the current global economic climate. The strategy is underpinned by a delivery plan which has replaced the previous local area agreement following its abolition by the current government. The Sustainable Community Strategy can be found at **(insert link)**

The planning and review cycle for the SCS is:



## The Council Plan and Medium Term Financial Plan

The Council Plan is based on the principles of 'Promoting Achievement and Tackling Disadvantage'. Our vision is:

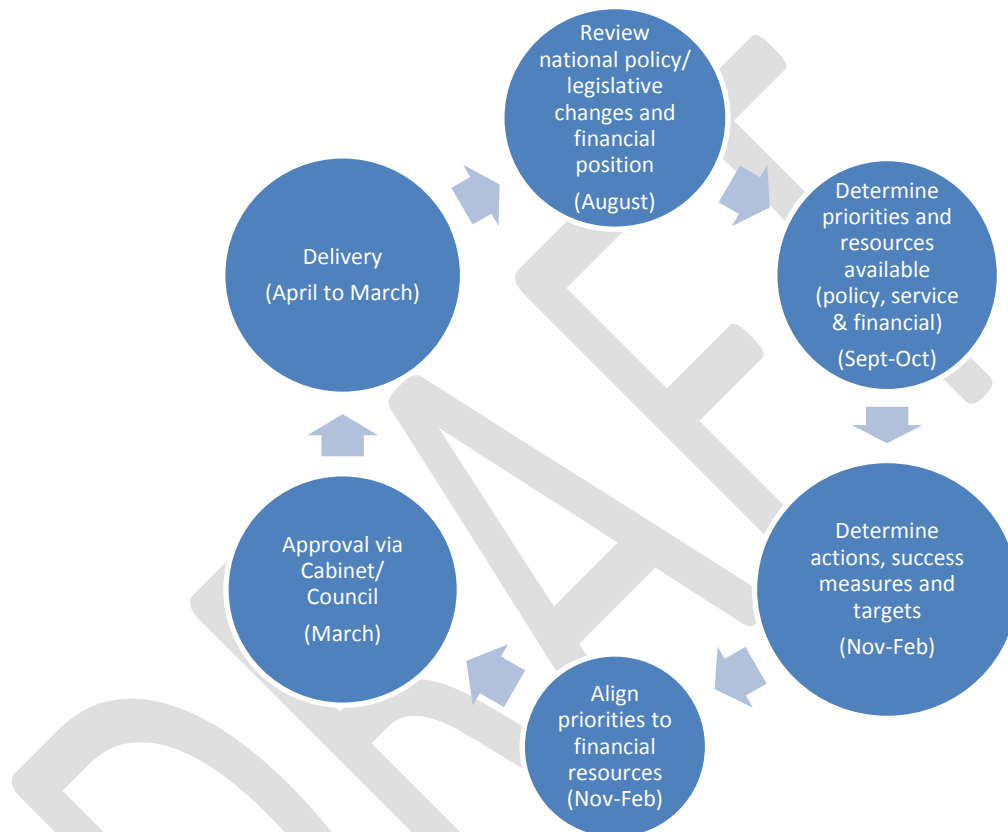
'We are passionate about creating a clean, green and vibrant place where people are safe, healthy and happy. We are ambitious, open and fair. We deliver great service for your money'

The Council Plan sets out the key priorities and actions across a number of themed areas that the Council will deliver in support of achieving the vision, ambitions and outcomes within the Sustainable Community Strategy. It identifies how we will know we have been successful in achieving the stated outcomes and sets out the arrangements for ensuring the Council continues to be an efficient and effective organisation that provides value for money in meeting the needs of the local community. The Council Plan is underpinned by detailed

plans for each service area of the Council. Details of the Council Plan can be found at [www.stockton.gov.uk/](http://www.stockton.gov.uk/)

The Medium Term Financial Plan is developed alongside the Council Plan and outlines the resources available to the Council and how these resources will be allocated in support of the Council.

The planning and review cycle for the Council Plan and Medium Term Financial Plan is:



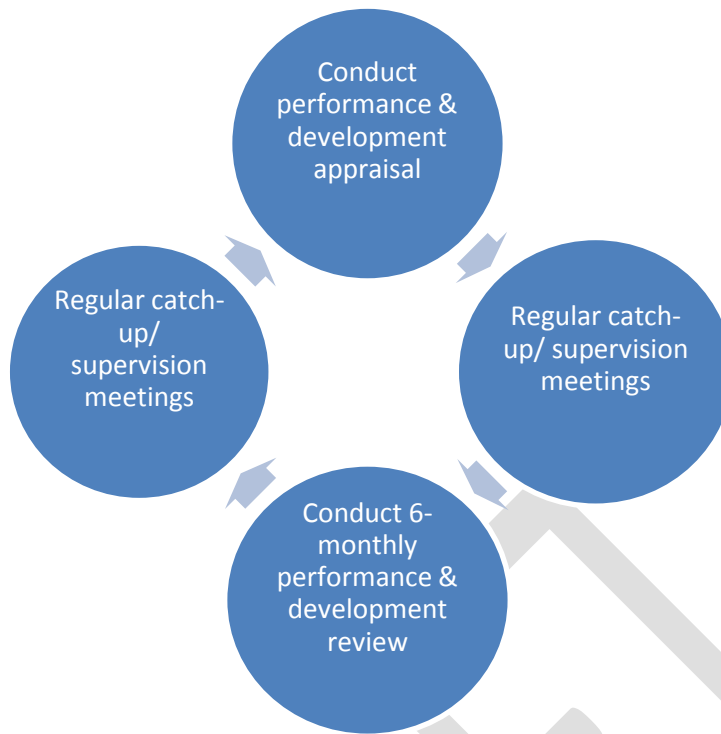
### Performance & Development Appraisals

Performance and development appraisals are an important aspect of the performance management framework. People are one of the biggest organisational assets and ultimately responsible for the delivery of the actions to achieve the desired outcomes in the various plans and strategies.

The Performance and Development Appraisal Scheme is the mechanism by which the organisation, through its management arrangements, can discuss how the individual or team is progressing in terms of the achievement of objectives and targets, to see what improvements can be made, to build on their strengths and to identify training and development opportunities.

It also demonstrates to employees where the work that they do fits within the overall activity of the Council.

The performance and development appraisal cycle is:



## Review, reporting and challenging

There are a number of stakeholders who have an interest in how the Council is performing including:

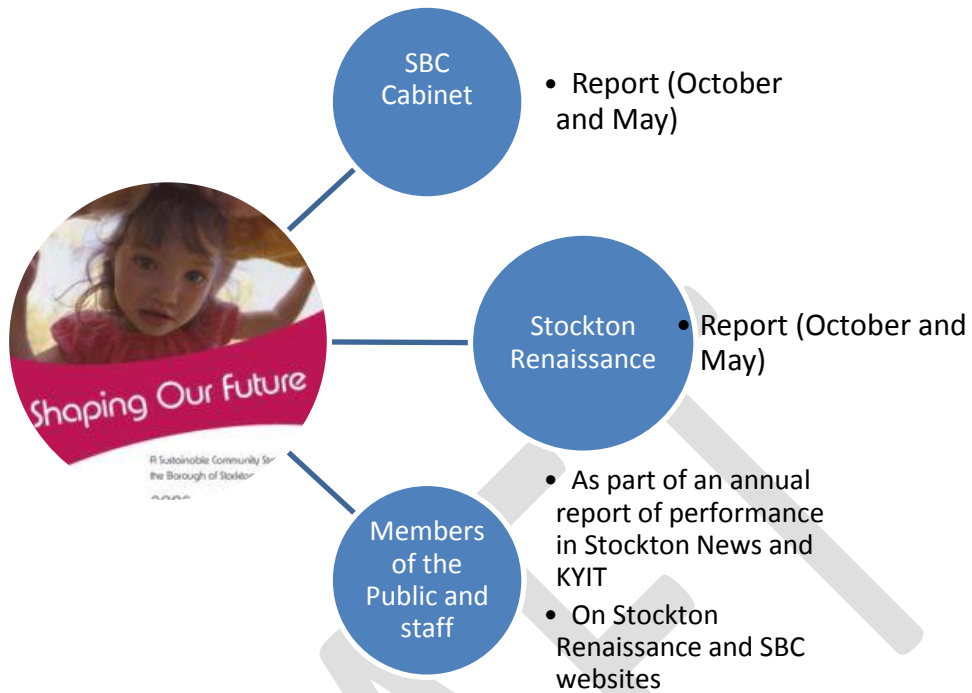
- National government
- Elected Members
- The Executive Management
- Key partners (police, fire, health, voluntary and community sector, private business)
- Members of the public
- Our own staff

Our reporting arrangements need to ensure that we are meeting the needs and expectations of these stakeholders in terms of reporting our performance and that the mechanism through which we report is appropriate to the intended audience. As part of the development of the Council Plan a corporate basket of performance measures will be agreed this will form the foundation for reporting through the framework below. A 'dashboard' approach to performance reporting is being developed which will be supplemented where appropriate with additional reporting identified from service groupings. Financial performance against the Medium Term Financial Plan will also be included with key issues identified.



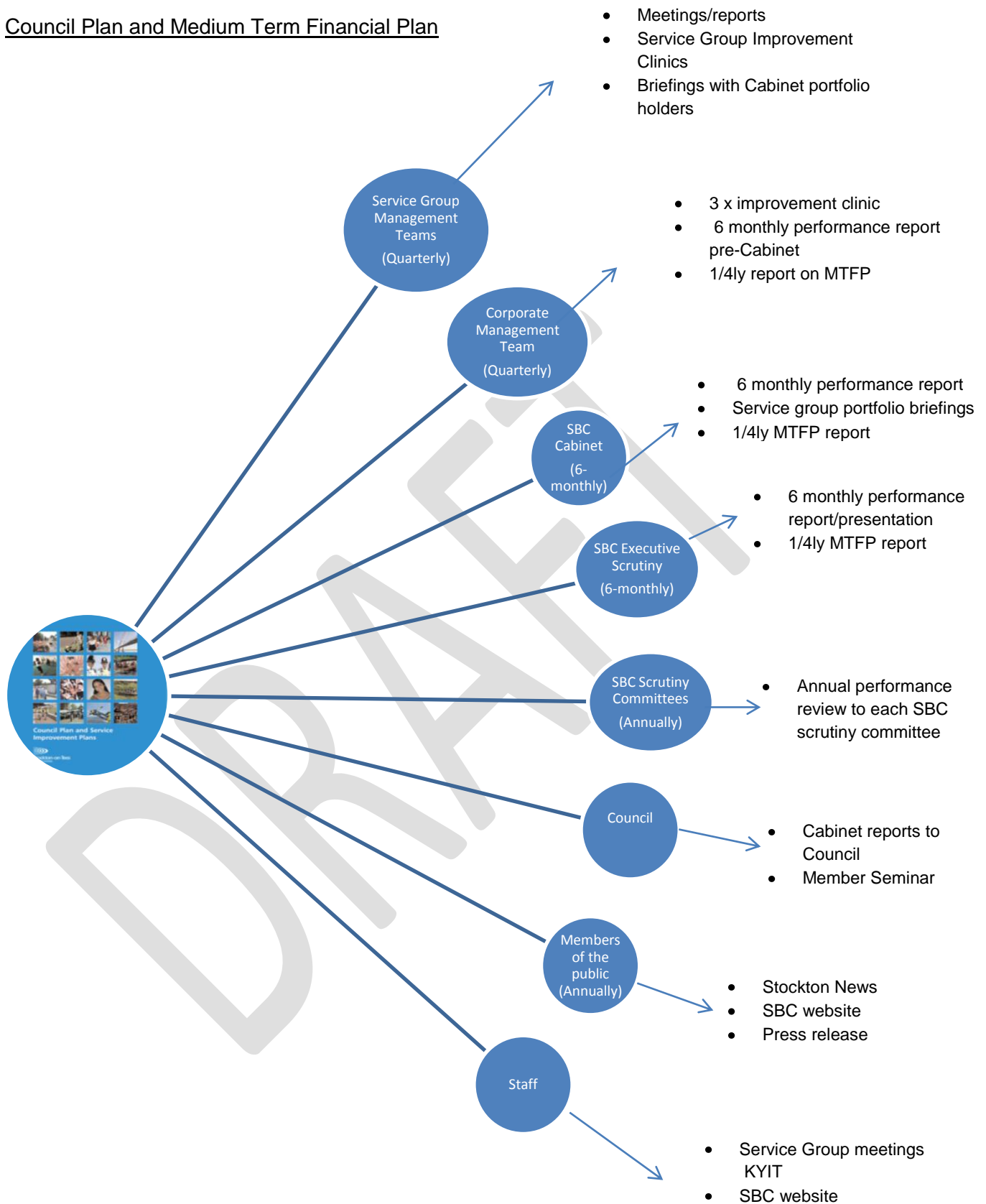
The reporting framework is set out below:

Sustainable Community Strategy



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Council Plan and Medium Term Financial Plan



## Challenge

An essential part of any performance management framework is the constructive challenge, which we see as a key aspect of our approach to sector self-regulation outside of any peer assessment process. Some elements of general challenge are embedded within the reporting processes identified above. The challenge aspect of our performance management framework includes elements of internal and external challenge.

### Service Group Improvement Arrangements

There is no single approach to the arrangements for discussing and challenging performance across the 4 service groupings within the Council. This reflects the Council's distributed model of performance management. Instead Service Groupings have their own arrangements within the principles embedded within the Performance Management Framework.

In Development and Neighbourhood Services this is achieved through:

- ✓ Summary reports on performance and finance to the Corporate Director and Heads of Service including highlighting areas for discussion
- ✓ 'Challenge' discussions with Heads of Service and Unit Managers

In Children, Education and Social Care this is achieved through:

- ✓ Review and analysis of performance, finance and activity at monthly Performance Clinics.
- ✓ Review and challenge of performance and finance at Management Teams.
- ✓ Direct challenge and discussion by the Corporate Director with each Head of Service.
- ✓ Monitoring and evaluation of performance and finance at 'Extended Management Group' meetings (3 times per year, linked to annual planning and self-evaluation cycle)

In Resources this is achieved through:

- ✓ Quarterly performance and finance reports to the Corporate Director
- ✓ Discussion and challenge at Service Group Management Team
- ✓ Direct challenge and discussion by the Corporate Director with relevant Head of Service

In Law and Democracy this is achieved through:

- ✓ Quarterly performance and finance reports to the Director
- ✓ Direct challenge discussions between the Director and the relevant Head of Service

### Corporate Management Team Improvement Clinics

CMT improvement clinics operate three times per year with the timetable and key challenge areas established as part of the Council Plan and Medium Term Financial Planning arrangements.

Support for CMT improvement clinics will be co-ordinated via the Corporate Performance Team in conjunction with Finance and the performance lead for the relevant area subject to challenge.

In addition to the key challenge areas performance and finance leads will determine whether there is an emerging need to highlight any other issues either at risk of not achieving stated performance or where a major change will have a significant impact.

A range of appropriate 'tools' to support CMT improvement clinics will be identified and shared, for example 'Turning the Curve' and root cause analysis.

### Challenge through scrutiny

Scrutiny is an important aspect of our performance management framework. Performance and financial information is used to inform scrutiny reviews as well as being used to identify potential areas for in-depth scrutiny reviews through the scrutiny committee infrastructure.

Regular high level performance and finance reports are presented to and challenged by the Executive Scrutiny Committee with the relevant information cascaded to the appropriate Select Committees.

Structurally, scrutiny in Stockton consists of the Executive Scrutiny Committee which has an overview and co-ordination role, particularly in relation to the overall scrutiny work programme and the review of performance information. The Executive Scrutiny Committee is supported by Thematic Select Committees who are responsible for undertaking policy review and development work. Annually each thematic select committee receives a detailed overview from relevant services including key issues and achievements.. The thematic select committees are structured to take account of legislative requirements particularly in relation to the areas of health and social care and police and crime.

The North East region also operates health scrutiny at both the regional and sub-regional level as appropriate and required allowing for issues common to all to be investigated. Should Health Scrutiny Committee feel it necessary they have the power to refer matters to the Secretary of State, or the Independent Regulator, Monitor, in the case of Foundation Trusts.

## Challenge through Partnerships

Not all of the activity associated with achieving the outcomes in our plans and strategies sits within the Council. The Sustainable Community Strategy and its underpinning delivery plan identify the role and contribution of partners. Progress on performance of the SCS is reported through the thematic groups and area partnerships of Stockton Renaissance as well as through Renaissance Board itself. The Board has an additional role in challenging the progress and performance of the SCS overall.

## Sector self-regulation

Following the abolition of comprehensive area assessment local government is actively encouraged to regulate and assess itself, alongside the statutory and regulatory inspection and assessment frameworks that remain (primarily in Adult and Children's Services). The 'challenge' aspect of our performance management framework is part of our approach to self-assessment and self-regulation outside of any peer or other external assessment.

Peer assessments are one approach to sector self-regulation and issues arising from CMT or service grouping improvement clinic activity will determine the programme of peer assessments for the Council.

As part of the increasing focus on self-regulation, there are 'sector led improvement' frameworks developing nationally and regionally for both Adult Social Care and Children's Services. These frameworks provide for peer challenge, on areas that may be identified by local authorities through the annual cycle of service planning, review, self-assessment and improvement; as well as access to more in-depth Peer Reviews which may be linked to broader national criteria.

These sector led approaches place emphasis on the need for effective and rigorous approaches to self-evaluation. In Children's Services, work is in hand to develop a national Data Profile tool to support a more consistent and intelligence-led approach to self-assessment. In Adult Social Care, the 'Local Account' is being introduced as a requirement for all Councils to produce and publish an account of its performance and priorities, to promote accountability to local communities; key to this approach is the requirement for local stakeholders, especially service users and user groups, to be engaged in the process. It is envisaged that the Local Account will be published in July each year.

Alongside these arrangements the LGA are also developing an approach to self regulation, assessment and improvement in the culture, tourism and sport sector. Any approach to peer assessment for these areas is expected to be determined via the CMT improvement clinics.

Our broader performance management framework includes elements of internal and external challenge through:

- ✓ our programme of Customer Service Excellence as a driver for continuous improvement
- ✓ Charter Plus for member development
- ✓ Adoption of the Electoral Commission performance standards framework
- ✓ Submissions to organisations recognising excellence in local government services e.g., APSE

- ✓ Benchmarking our performance against others

## **Recording performance**

The current arrangements for recording performance have been subject to a rapid improvement event in order to streamline and rationalise the process. The outcomes from that activity have resulted in an action plan to:

- ✓ Identify the performance information required to meet demands of all key stakeholders;
- ✓ Develop universal templates to help capture that performance information;
- ✓ Produce a specification for a new database to support a single source of information and reporting
- ✓ Standardise and streamline methodologies for collection and reporting of performance information.

## **Financial Management**

Financial Management arrangements across the Council are regularly reviewed and refreshed. The procedures are standard across all service areas and a risk based approach focuses resources on the areas of highest risk,

The finance system has been heavily utilised to streamline procedures and arrangements, and finance staff work in partnership with services to understand financial impacts of decision making, and challenge financial performance.

Financial Management across the Council focuses on:-

- Planning and managing the overall resources of the Council
- Supporting services to deliver objectives
- Challenging financial performance
- High risk budget areas
- Management of the Council's efficiency programme
- Understanding financial implications of policy and legislation change.

## **Managing Risk**

The Cabinet Member for Corporate Management and Finance is the Member Champion for risk management and works closely with the Corporate Director of Resources to provide management lead and ensure that corporate risks are identified and managed.

Each directorate/business unit completes a quarterly risk return which provides details of the changes to their risk profile over the previous three months and feeds into the Corporate Risk Register (CRR). The Corporate Risk Manager and team work with risk owners where further input and advice are required prior to review by the Risk Action and Corporate Governance Groups.

The CRR sits above the more detailed directorate registers and is a forward-looking evaluation of the Council's most significant risks and opportunities relating to the achievement of its strategic objectives. Every risk/opportunity is allocated to a particular

owner, or group of individuals, that is responsible for reviewing the risk and controls on a quarterly basis in conjunction with their Service Group Management Team. The registers provide a snapshot of the risk exposure at the time in question, helping management to make informed decisions.

The Corporate Management Team (CMT) plays a significant role in the risk management process, by undertaking its own quarterly robust review of the CRR before submission to the Audit Committee for final approval, and reporting on to full Council.

These methodologies provide for a systematic and consistent approach to identifying corporate responsibility risks and opportunities, reviewing existing controls, setting associated objectives, and targets for further risk reduction where possible, and determining appropriate time-bound actions to meet goals and improve performance.

Assessment of risk relating to policy changes and decision-making is also an embedded feature within the reporting arrangements to Cabinet.

## **Data quality**

Good quality data is essential to shape decision-making, service planning and for reporting how the Council is achieving its aspirations, outcomes and targets and demonstrating accountability.

Both quantitative and qualitative data needs to be:

- Relevant – only data that is relevant to the identified success measures, outcomes and targets within agreed plans, strategies and service groupings should be collected to ensure the most efficient use of resources
- Accurate in order that decision-making is informed. The need for accuracy should be balanced against the costs and effort required to collect it.
- Valid. It needs to be clearly linked to the intended outcome or result and at the right level e.g., borough-wide, ward, LSOA etc. Proxy data may need to be used to determine interim results for longer-term outcomes
- Timely – the data needs to be available for its intended use within a reasonable time and frequently enough to influence its intended management decisions
- Reliable - data should reflect stable and consistent data collection processes and analysis methods across collection points and over time. Managers and stakeholders need to be confident that progress towards performance targets and outcomes represent real changes rather than variations in data collection

Embedding data quality into all service areas is an important element in ensuring efficiency and a 'right first time' approach. An annual programme of data quality audits forms part of the internal audit work programme.

Data quality arrangements in individual service areas are:

## **Resources**

Resources work to the guidelines set out in the Data Quality Strategy and Policy alongside Corporate Governance arrangements, Risk Management Policy, the Records Management Policy, Information Sharing protocols and the Data Protection Policy.

When providing any data analysis and supporting narrative, the original source of the data is used before undertaking the analysis, the data source is quoted and the analysis dated so it is clear when and where the data was produced. Meta Data is also stored alongside this analysis. This provides a record of who prepared the data, data source and when the information/ analysis were produced.

Performance Measures are reviewed annually in line with Service Planning arrangements. For each measure a proforma containing information about the measure, its definition, targets, past performance, rationale for target setting, systems where the information is stored etc are all recorded. This provides a complete audit trail for each indicator. As measures and targets are reviewed on an annual basis, performance and targets are challenged and checks carried out to determine that the measures have been collected in accordance with the definition, adequate systems are in place to collect the data and that timely recording and monitoring of the data is ongoing.

Further checks are carried out on data quarterly as performance is monitored, checking performance against historical trends and targets to ensure accuracy. Any queries are followed up with relevant service areas. The service works closely with the internal audit team who carry out additional data quality checks on performance indicator data, definitions and systems to ensure accuracy. Performance Management Audits form part of the annual audit plan which on a regular cycle undertakes audit work on both systems and data to ensure levels of accuracy. The Annual Assurance Statement, along with the departmental and corporate risk registers; highlight any potential risk areas and any new or emerging risks across the Council, which in turn feed into the annual audit plan. Audit findings are documented and reported, with any actions for improvements monitored quarterly through our performance monitoring arrangements.

The audit plan also includes financial and governance audits, with all three areas of finance performance and risk working together through governance groups and on a daily basis to manage data quality issues which, in turn impact on both performance and financial management and forecasting. Quality of financial data is managed through standard procedures and a risk based approach to financial management. Systems provide inherent data quality checks supported by regular budget monitoring arrangements. Governance arrangements ensure that standards and good practice around data quality are maintained throughout the financial management process.



## **Children, Education and Social Care**

Data quality is monitored through the use of regular Exception Reports to Managers to highlight any data gaps or queries identified in the management information systems; and through the regular challenge and scrutiny of performance data at Performance Clinics. Established Procedures Groups also act as a forum for ensuring guidance for practitioners is revised as required to support accurate recording and updating of activity on the relevant case management systems.

The recent 'go live' of a new Adult Social Care case management IT system will help to improve data quality by linking the recording of data directly to the case management process.

## **Development and Neighbourhood Services**

Development and Neighbourhood Services complete proforma for all key performance measures, containing details of outturns, definition and methodology and the rationale for target setting. These proforma are signed-off by the relevant Heads of Service, which assists service buy-in and provides a valuable audit trail from performance reporting to target setting.

Systems assessments are carried out on high risk performance systems, entailing full testing of the methodology and systems behind the production of performance data, with recommendations made on system improvements.

Validation checks are carried out on data returns, with any returns from service areas that are outside reasonable parameters being investigated further.

A quarterly performance report is prepared for each Head of Service within DNS, with sample testing undertaken on the measures and activities reported. These performance reports are discussed at individual management team level, with data quality issues a key part of those discussions.