

Torbay Council

Performance and Risk Management Framework

Draft March 2015

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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 Identification

At a strategic level a series of performance indicators and risks will be identified which align to the Corporate Plan.

At an operational level, business units will develop their own Performance and Risk Plans (PRP). These will set out the ambitions and objectives of each business unit aligned with the Corporate Plan and list their own performance indicators and risks.

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 one.

2.2 Risk Matrix

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

The Policy, Performance and Review (PPR) Team will assist business units in developing their Performance and Risk Plans to ensure that the thresholds for performance indicators and scoring for risks are appropriate and evidence based.

Performance indicators and risks will be reviewed with business units on an annual basis, these will be amended if required. Officers, managers and executive heads will be required to inform the PPR team of any new risks identified throughout the year which need to be reported, through Senior Leadership Team (SLT) or directly to the PPR Team.

2.3 Data collection and reporting

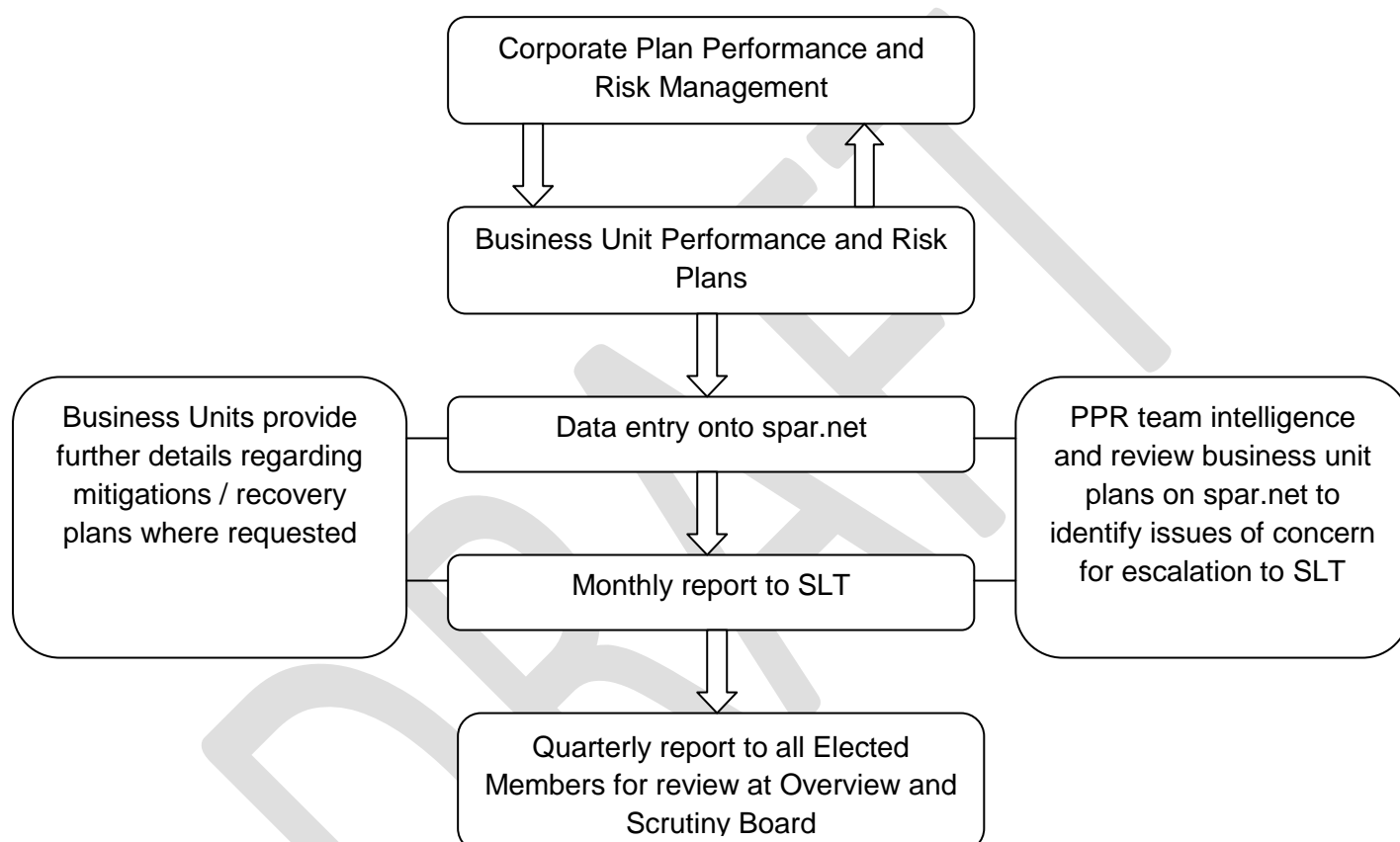
Performance indicators and risks will be collated on the Council's performance management database spar.net. Business Unit Performance and Risk Plans will be uploaded onto spar.net and officers, managers and / or executive heads will be required to update / upload information and / or data on a regular basis. For risk, this will be monthly and for performance indicators this will be determined by the data required for the indicator.

On a monthly basis the PPR team will produce a Performance and Risk Dashboard for each Corporate Plan theme. At the same time, the team will review business unit plans on spar.net to identify whether there are any indicators or risks which need to be escalated to SLT. The PPR 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.

Performance Management and Risk Data Collection and Reporting



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 on spar.net 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.

PPR Team will:

- Assist business units in developing their performance and risk plans 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.
- Communicate deadlines for performance and risk information to be completed on spar.net
- Provide support to business units in uploading and maintaining information on spar.net.
- Collate information into the dashboard on a monthly basis for SLT, 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.
- Provide support to the Overview and Scrutiny Board in reviewing and challenging the quarterly performance, risk and financial management information

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Appendix One: 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