Manchester City Council
Report for Information

Report to: Audit Committee – 6 March 2017

Subject: Sources of Assurance and Planned Development to the
                    Performance Management Framework

Report of: Deputy City Treasurer

Summary

To provide details of the planned developments to the Council's Performance
Management Framework (PMF), which are intended to lead to enhanced reporting of
assurance at all levels of the organisation.

Recommendations

Audit Committee is invited to comment on the planned developments.

Wards Affected: All

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Background documents (available for public inspection):

None

1. **Operation of the Council's Performance Management Framework**

1.1   The Council's Performance Management Framework (PMF), in its current format, was put in place following the establishment of 'Centres of Excellence' within the Core in 2010 and 2011. Where previously located within individual directorates, the Centres brought together staff working on finance, human resources, performance and other corporate support functions into distinct services. Strategic Business Partners provided oversight of the directorate's support from these functions.

1.2   This enables closer working relationships within, and between, the Centres of Excellence, and this has facilitated the development of the current PMF. Under the PMF, Council Directorates set out in their business plans their objectives and how they would monitor progress towards them. Progress monitoring consists of:

- Financial plans, setting out the budgets for the services within the Directorate, monitored through monthly budget monitoring reports detailing projected under and over spends
- Performance plans, setting out the performance indicators that showed progress towards the Directorate's objectives, monitored through regular performance reports compiling the latest indicators submitted to the Directorate management team
- Workforce plans, setting out the skills, approaches and behaviours required from the workforce to enable the achievement of the Directorate's objectives, monitored through regular workforce reporting to the Directorate management team and
- Risk Registers, analysing the risks relating to the achievement of the Directorate's objectives, monitored through regular updates to the risk register.

1.3   Under the PMF the Council's Strategic Management Team manages progress towards the organisation's goals informed by monthly Budget Monitoring Reports, quarterly Performance Reports and biannual reviews of the Corporate Risk Register. At the organisational level below this Directorate Management Teams receive bespoke financial, performance and risk reporting covering their remit. This information provides an up-to-date view of principal challenges and supports the design of strategies and the allocation of resources to address them. It also informs the internal and external Audit functions, and the Audit Committee, by providing an overview of organisational challenges informing the allocation of resources in the Annual Audit Plan, as well as supporting the identification of governance issues described in the Annual Governance Statement.

1.4   The operation of the PMF informs reporting to members, including Strategic Directors' regular engagement with Executive Members on progress towards priorities, evidence and intelligence in reporting to scrutiny committees on matters identified in their work programmes, as well as reports to Audit

Committee detailing the governance and assurance processes in place across the organisation.

1.5   This reporting activity adds value to the work of the Council as it supports management to identify changes in resource allocation that are required to improve performance as well as identifying where innovative changes to service delivery are required to deliver better or more efficient results. The results of the monitoring feeds back into changes to service delivery leading to better services for Manchester people.

1.6   The diagram in appendix one illustrates the main areas of assurance controls at present. Monitoring is carried out at different "control" levels in the organisation which results in resource reallocation or changes to service delivery, and the effects of these changes are then monitored. This process is effectively repeated in a continual cycle of activity. Appendix one also shows how assurance can be achieved by Members, including Audit Committee, as well as how it informs key governance reports which are part of the cycle.

2.   Modernising the Council's Performance Management Framework

2.1   It has become necessary to review the operation of the Performance Management Framework for two principal reasons:

- Performance Management must refocus on the vision and goals for the City described in the Our Manchester Strategy, re-establishing the Golden Thread (see appendix two) that connects the overall strategy for the City as articulated within the Our Manchester Strategy through to the Council's plans, Directorate business plans, team plans and individual appraisals;
- Opportunities for greater efficiency must be realised to support the organisation to deliver required savings and where appropriate reduce demand and dependency.

2.2   To inform this review research was carried out into the scale and nature of current reporting arrangements across various services. A summary of the current reporting mechanisms is included at appendix three. The research recognised the resource requirement to support such control mechanisms. It is also acknowledged that there are a number of *ad hoc* reports produced for specific issues including, for instance, requests from Scrutiny Committees or Senior Officers.

2.3   The research identified that reporting could be broken down into three broad categories:

- **A. Monitoring Reports:** These reports provide assurance on the current arrangements for achieving goals (usually as stated in a business or service plan) and look forward at future trends and risks to support decision making. They include budget monitoring, risk registers, complaints and Freedom of Information Act / Data Protection Act compliance reporting, performance management frameworks and some workforce related reports.

- **B. Transparency Reports**: These reports describe the Council's values, culture, systems and processes and put its governance and transparency commitments into practice. They include analysis of the budget consultation, the Annual Governance Statement and reporting of audit activity to committees.
- **C. Additional Requests for Regular Information**. These reports are produced periodically to provide intelligence a service or service manager needs to make decisions, for example work programme reporting or school attendance reports.

2.4   The research examined the extent to which current reporting arrangements could be improved by moving to a 'self-serve' basis, so that rather than the users of management information and analysis receiving a bespoke static report, they can access the information and analysis themselves as and when needed. This carries several potential advantages including increased efficiency, availability of more up to date information and interaction with the data so that the user can manipulate the data in different ways to gain new insights. This was found to be beneficial for very few of the 'Transparency Reports', often due to particular stipulations regarding their content and purpose set out in statutes and regulations, approximately half of the 'Monitoring Reports' and the majority of 'Additional Requests'.

2.5   The research also identified that reporting was often conducted in siloes, for example financial reporting is carried out largely separately to workforce reporting and performance reporting leading to three different sets of conclusions, rather than the links between these conclusions being more fully understood. The review also demonstrated that the volume of reports produced and the size of them, particularly for SMT, did not facilitate comprehension of the key issues by the management team.

2.6   The Council's Our Manchester approach involves a different way of working across the City and within the City Council which enables individuals to build on strengths. Managers need to be able to access the information they require to optimise performance and manage their services effectively. This involves a move away from reporting information through traditional, sometimes lengthy, reports and towards a new culture where managers have the information tools they need to support decision making and the delivery of their services within their responsibility. Reports to meetings that are still required should be streamlined and be limited to the information that the participants needs to perform their role.

2.7   Overall, decision makers should chose to access the information they need rather than receive all the information they might need and then have to digest long reports to find the sections relevant to them. In summary, the areas for further development of the Performance Management Framework were **streamlined reporting**, a **single consistent view of organisational challenges, supporting people to access information for themselves** and **better information to support current and future decision making** and these are further discussed in the following paragraphs.

2.8 **Streamlined Reporting.** Current reporting arrangements under the PMF lack a consistent approach to ensuring the appropriate level of detail is reported to the right level of the organisation. For example, a team manager may need information regarding the output of each team member, whereas the directorate managers may only need information regarding the total output of the team. If the directorate managers received information regarding each team member they would receive excessive information that would be inefficient both to compile and for the management team to digest. The PMF will be developed to ensure that each level of the organisation receives the right level of detail both to avoid inefficient production of that information, and excessively lengthy reports where the key details are lost.

2.9 **Single View of Organisational Challenges.** As described above, the current PMF generates reports showing budget under and over spends, performance towards goals and targets and workforce capacity. However, it does not consistently make links between these different reporting sources. This results in a set of financial challenges, a set of workforce challenges and a set of performance challenges as well as risks. In reality these challenges are interconnected, for example the financial commitment to the waste levy depends on the recycling rate and volume of waste which is dependent on the workforce's ability to encourage the delivery of the required behaviour changes amongst residents. The PMF will be developed to provide a single overarching report to Strategic Directors and Executive Members analysing the challenges for the Council using the data from these different sources of assurance together to arrive at a single view of organisational challenges.

2.10 **Supporting people to access information for themselves.** Since the establishment of the Centres of Excellence, the Council's ICT estate has begun to advance to a more stable footing. This has included the development of enhanced reporting tools which allow service managers to access the information they need to manage their services themselves. This includes key workforce information, e.g. staff absence levels for individual line managers through the *mipeople* self-serve function, budget reports, and in some cases, performance and management information.

2.11 This has begun to empower managers with enhanced information to be used to inform the delivery of services and the allocation of resources. However, the Council is at the beginning of this journey and self-serve access to information must be delivered at a greater scale to deliver the culture change required to ensure service managers have the intelligence they need to deliver the considerable expectations upon them and to be held to account for delivery. Self-Serve access to intelligence and analysis will reduce the need for traditional bespoke regular report production and analysis, leading to increased efficiency.

2.12 **Better information to support current and future decision making**. The single view of organisational challenges will lead to analysis based on multiple sources of evidence that will provide fresh insight to decision makers. Initially this will be at a small scale, but through alignment of the Council's data sources, described in more detail below, the benefits can be grown.

Furthermore by making intelligence available self-service the Council will enhance the value it accesses from its data. Self-serve intelligence will make intelligence available to a wider range of policy and decision makers and supporting staff to ensure the Council's decisions are informed by the best intelligence available.

2.13   The scope of the development work is focussed on the assurance to be gained from performance reporting through the PMF (i.e. finance, activity, workforce, risk, compliance) and the associated governance arrangements. It must be recognised that there exists a wider framework of assurance and associated governance which will cover the operation of the Council including work with partners.
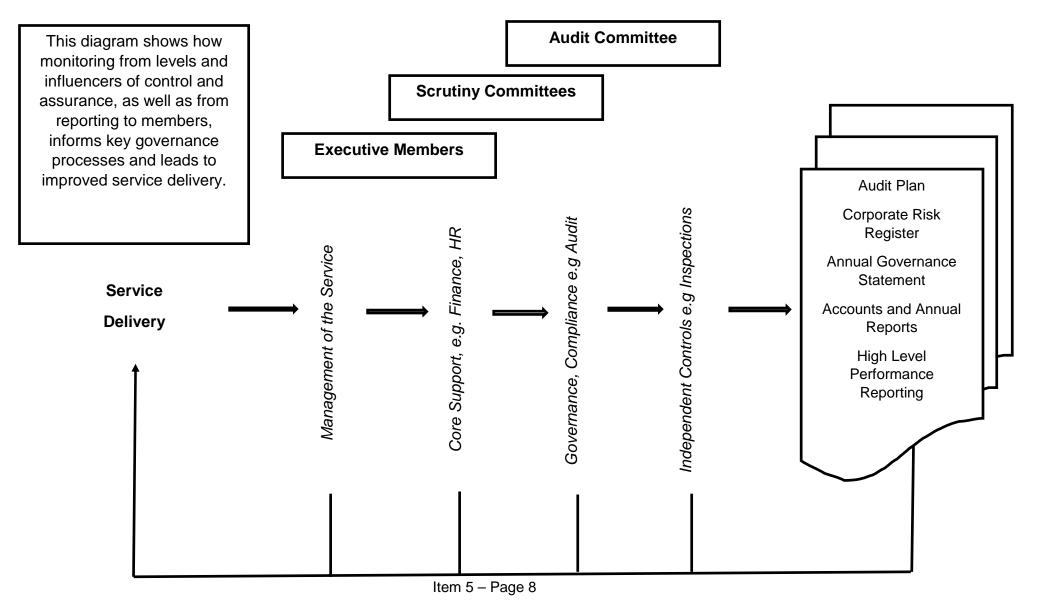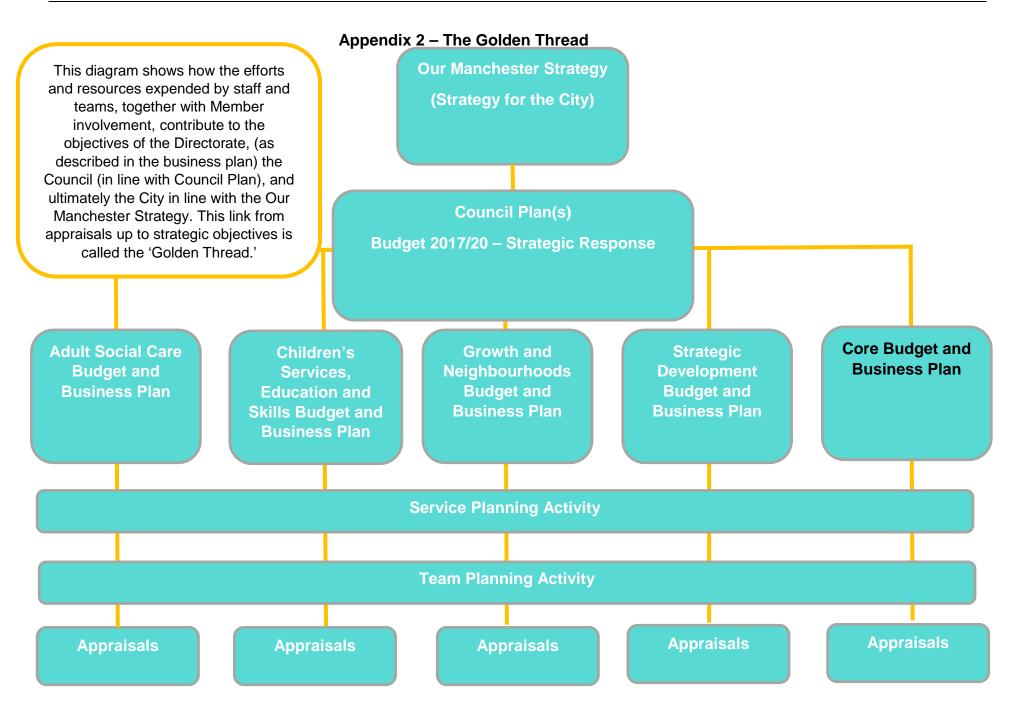
3.0   Implementation of Recommendations

3.1   Progress towards delivering these improvements has begun. The proposal for a single view of the organisational challenges is being tested through the development of an integrated assurance report to the Council's Strategic Directors and Executive Members. This is being done through adding high level performance, complaints, workforce and risk information to the existing budget monitoring information which is produced for Strategic Directors and Executive Members.

3.2   This information will then be analysed together, making links between the different information sources to arrive at a single view of the key challenges and successes for the Council. This will ensure the leadership of the Council is clear on current progress in addressing the key challenges for the Council and can maintain focus on addressing the barriers to the Council's objectives. This also provides a systematic method for ensuring reporting on assurance is discussed between Strategic Directors and Executive Members.

3.3   Integrating reporting to achieve a single view of organisational challenges will be difficult to implement in a way which leads to more valuable analysis. More substantial progress can only be achieved through integrating data systems by establishing links between data sets where there are common fields (such as a Unique Property Reference Numbers or NHS Patient Numbers) to provide a holistic view of data relating to an individual, household or property where this is consistent with the purposes for which the data was provided. There are also challenges regarding the time data is produced, which often prevents activity data being considered over the same period as financial data preventing effective analysis from being made.

3.4   Work is ongoing to develop a 'lean' approach to systems across the organisation. The intention is for this to embed a culture of continuous improvement in all directorates, understanding how efficient and effective the system is from the perspective of the user, and supporting individuals and teams to create better, more streamlined systems. In particular for areas such as Finance and HR, this may include looking at the potential for self-service and eliminating unnecessary steps in processes to ensure they are efficient and support staff to use their time effectively.

4.   Next Steps

4.1   The process of researching and reviewing the Council's Performance
        Management Framework has begun and a clear set of principles and goals
        have been established to work towards:
        - streamlined reporting;
        - a single consistent view of organisational challenges;
        - supporting people to access information for themselves, and
        - better information to support current and future decision making.

4.2   Focus is now on:

        - Testing approaches to aligning sources of assurance, for example
          through the integrated report to Strategic Directors and Executive
          Members, to better understand the potential benefits and technical
          challenges this presents. Lessons learned from this experience can
          then be applied to a broader approach to supporting integrated use of
          data and enabling self-service.
        - Designing approaches enabling people to access information for
          themselves at greater scale and, as above, testing their effectiveness.

4.3   Progress with these projects will support improvement in the four areas
        identified by the review of the Performance Management Framework, and
        support the Council to obtain greater value from its data assets and operate
        both in a more informed and more efficient manner.

Appendix 1
Operation of the Performance Management Framework

This diagram shows how monitoring from levels and influencers of control and assurance, as well as from reporting to members, informs key governance processes and leads to improved service delivery.

Audit Committee

Scrutiny Committees

Executive Members

Service Delivery

Management of the Service

Core Support, e.g. Finance, HR

Governance, Compliance e.g Audit

Independent Controls e.g Inspections

Audit Plan

Corporate Risk Register

Annual Governance Statement

Accounts and Annual Reports

High Level Performance Reporting

Appendix 2 – The Golden Thread

This diagram shows how the efforts and resources expended by staff and teams, together with Member involvement, contribute to the objectives of the Directorate, (as described in the business plan) the Council (in line with Council Plan), and ultimately the City in line with the Our Manchester Strategy. This link from appraisals up to strategic objectives is called the 'Golden Thread.'

Our Manchester Strategy (Strategy for the City)

Council Plan(s) Budget 2017/20 – Strategic Response

Adult Social Care Budget and Business Plan	Children's Services, Education and Skills Budget and Business Plan	Growth and Neighbourhoods Budget and Business Plan	Strategic Development Budget and Business Plan	Core Budget and Business Plan

Service Planning Activity

Team Planning Activity

Appraisals	Appraisals	Appraisals	Appraisals	Appraisals

Appendix 3

Overview of Regular Reporting Arrangements

PMF	Report	Frequency	Directorate Management Team	Strategic Management Team	Committee	Other
Various Sources	Directorate Budget and Business Plans	Annual	X	X	Scrutiny, Executive and Council	
	Budget and Workforce Monitoring	Monthly	X	X	Executive, Scrutiny R&G (Quarterly)	
Finance	Savings Tracker	Monthly	X			X
	Capital Monitoring	Quarterly			Executive	X
	Capital Budget Increases	Monthly			Executive	X
	Treasury Management Outturn	Annual			Audit	
	Treasury Management Interim	Annual			Audit	
	Treasury Management Strategy	Annual			Scrutiny (R&G), Audit, Executive and Council	
	Dedicated Schools Grant Report Monitoring	Termly				X
	Annual Accounts	Annual			Audit	
	Council Tax Setting Report	Annual			Council	
Audit and Risk	Annual Report	Annual			Audit	
	Risk Register	Bi-Annual		X	Audit	
	Annual Governance Statement	Annual		X	Audit	
	Register of Significant Partnerships	Annual		X	Audit	
	Annual Audit Plan	Annual			Audit	
	Directorate Audit Reports	Quarterly	X	X		
	Directorate Health and Safety Reports	Quarterly	X	X		
	Annual Fraud Report	Annual			Audit	
	Risk and Resilience Strategy	Annual			Audit	
	External Audit Recommendations Monitoring	Bi-Annual			Audit	

PMF	Report	Frequency	Directorate Management Team	Strategic Management Team	Committee	Other
Workforce	Directorate Workforce Dashboards	Quarterly	X			
Workforce	Return to Work Exception Reports	Monthly	X			
Workforce	Managing Attendance Overview	Annual			HR Scrutiny Sub	
Workforce	Succession and Retention Dashboard	Bi-Annual	X			
Workforce	Workforce engagement survey analysis	Annual	X	X		X
Workforce	Children's Workforce dashboard	Monthly	X			
Performance and Complaints	Complaints and Information Requests Dashboard	Quarterly	X	X		
Performance and Complaints	State of the City	Annual			Council	X
Performance and Complaints	Our Manchester Performance Snapshot	Bi-Annual				X
Performance and Complaints	Directorate Performance Reporting	Quarterly	X	X		
Performance and Complaints	Economy Dashboard	Quarterly			Scrutiny (Economy)	
Performance and Complaints	Welfare Reform Dashboard	Quarterly				X
Performance and Complaints	PSR Dashboard	Quarterly				X
Performance and Complaints	Corporate Dashboard	Quarterly		X		
Performance and Complaints	Area Plan Monitoring	Bi-Annual				X
Performance and Complaints	Multi Agency Safeguarding Hub Performance Framework	Monthly				X
Performance and Complaints	Manchester Safeguarding Children's Board performance scorecard	Quarterly				X
Performance and Complaints	EHA Dashboard (Early Help Assessments)	Every two months				X
Performance and Complaints	Ofsted Improvement Board Tracker	Monthly				X
Performance and Complaints	Children's Performance Clinic Data	Monthly				X
Performance and Complaints	Absence and Exclusions Report	Termly	X			

PMF	Report	Frequency	Directorate Management Team	Strategic Management Team	Committee	Other
	Special Educational Needs & Disability Implementation Dashboard	Every two months				X
	Priority Measures for Integration with Health	Monthly	X			
	Homelessness Dashboard	Monthly	X			
	Community Assessment Support Service Dashboard	Monthly	X			
	Manchester Safeguarding Adults's Board performance scorecard	Quarterly	X			X
	NW Benchmarking Adults Performance	Quarterly	X			
	NW Benchmarking Adults Safeguarding	Quarterly	X			