

Report of the Deputy Chief Executive

Report to the Corporate Governance & Audit Committee

Date: 11th July 2014

Subject: Annual Assurance Report on Risk & Performance Management

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This annual report provides Corporate Governance and Audit Committee with assurances on the strength of the Council's risk and performance management arrangements and is an important source of evidence for the Annual Governance Statement due to be considered by the Committee in September.
2. The risk and performance management arrangements have been further developed, improved and updated during 2013/14, in particular through more streamlined reporting to Corporate Leadership Team (CLT) and the further roll out of the risk management software. Although arrangements are currently in a transitional period following the Enabling Corporate Centre (ECC) review (a review into a range of Support Services), compliance with the risk management policy and performance management arrangements is good. Further work is planned in 2014/15 to continue to develop and improve the supporting framework.
3. While we can never be complacent, and some risks lie outside our control, this report provides the Committee with a good level of assurance on the strength of the risk and performance management arrangements currently in place across the authority.

Recommendations

4. Corporate Governance & Audit Committee is asked to receive the annual report on the Council's risk and performance management arrangements and note the assurances given.

1 Purpose of this report

- 1.1 This annual report provides Corporate Governance and Audit Committee with assurances on the strength of the Council's risk and performance management arrangements and is an important source of evidence for the Annual Governance Statement due to be considered by the Committee in September. It also enables the Committee to fulfil its role under the Council's Risk Management Policy and the Committee's own Terms of Reference for reviewing the 'adequacy of the Council's Corporate Governance arrangements (including matters such as internal control and risk management)'.

2 Background information

- 2.1 The 'main issues' section of the report provides assurances on the Council's Risk Management Policy and Performance Management arrangements. The section discusses the key changes around our risk and performance arrangements in the last year and outlines future plans to improve them, in particular via the ongoing Intelligent Council review.

3 Main issues

- 3.1 The strength of our risk and performance management arrangements stems from the authority's Risk Management Policy and Performance Management framework.
- 3.2 The Risk Management Policy was last fully revised in 2011 following extensive benchmarking and reviews against British and International Standards on Risk Management and other good practice guides. It was endorsed by the Corporate Risk Management Group, this Committee, the Chief Executive and the Council Leaders. Minor amendments were made to it in November 2012 when the Corporate Risk Management Group widened its role and membership to become the Risk & Performance Board. The Policy forms part of the 'Policies & Procedures' section of the Council's Intranet site and so is accessible to all staff with Internet access, while the Corporate Risk & Performance Team references it in its risk training sessions and workshops. As the Council's risk management arrangements are currently in a transitional period (see below), the Policy will require an update later in 2014/15 to reflect any significant changes. Following this update, the Corporate Risk & Performance Team will work with a range of stakeholders to ensure that it is fit for purpose, properly communicated, routinely complied with and monitored. We shall provide feedback on progress to this Committee next year through our annual report.
- 3.3 For 2013/14 revised streamlined corporate performance management arrangements were developed and implemented based around the reporting of progress against the Best Council Plan 2013/17. These arrangements replaced those outlined in the previous Performance Management Framework. The following table gives a good level of assurance with respect to ensuring the arrangements are adequate, complied with and up to date.

Performance Management	
Name	Performance management arrangements
Is it up to date?	Yes: the performance management arrangements were substantially overhauled in 2013 to take account of the new Best Council Plan 2013/17 approved in July 2013.
Is it fit for purpose?	Yes: the framework builds on good practice such as the Audit Commission's <i>Use of Resources</i> inspection criteria that were previously used to judge the council's performance arrangements.
How is it communicated?	All key stakeholders were consulted with prior to the major revision of the corporate arrangements. The arrangements, along with guides to support performance management at a service level, are accessible to all staff with Intranet access as part of the performance management toolkit on the Council's Insite Intranet site.
Is it routinely complied with?	Yes: members of the Risk & Performance Board are responsible for ensuring compliance with the arrangements within their directorates. For 2013/14, members of the Board have confirmed they are satisfied with the level of compliance of their directorate arrangements. Directorates continually review and amend their performance management arrangements to take account of service changes, and this will continue in 2014/15.
How is it monitored?	The arrangements are regularly reviewed by the corporate risk and performance team and in response to changes in legislation, Council policy and performance management standards. Any such changes will continue to be consulted upon.

Risk & Performance Teams

- 3.4 Following the Enabling Corporate Centre review in 2013/14, the Risk Management Unit and Corporate Performance team were re-organised to become part of the newly created Policy & Intelligence Section within the Strategy and Resources directorate. This re-organisation helped further integrate risk and performance arrangements and reporting as well as facilitating the support and advice available to directorates. The change forms part of a wider Intelligent Council review.
- 3.5 In November 2013, CLT endorsed proposals for a new cross-council intelligence function, which would incorporate research, intelligence and performance management. The drivers for this consolidated approach are a stronger service and improved efficiency and accountability. The Head of Policy and Intelligence is leading a new team drawn from across the council to work with directorates and services in designing the new service, complete a practically-based scoping exercise and make further line-management & budgetary changes.
- 3.6 The Corporate Risk and Performance team continues to support the Risk & Performance Board which meets to review the risk and performance information submitted by directorates as well as from other internal and external sources. The Risk & Performance Board reviews and challenges this combined information and considers the key issues to report to CLT and Executive Board. The data is used to help inform the Chief Executive's appraisals of his directors and his own appraisal with the Council Leader. Scrutiny Boards review the performance information each quarter.
- 3.7 In recent months, we have made a number of changes to the risk and performance reporting for CLT:
- A new monthly report allows directors to highlight risk and performance items by exception for discussion at CLT based around the Best Council Plan 2013-17 objectives. This summarised report has helped bring greater focus to the Best Council Plan priorities and facilitated cross-directorate discussion

and action where required. Actions agreed are followed up in subsequent reports. Feedback from CLT members to this more streamlined reporting has thus far been very positive.

Detailed risk and performance data will continue to be submitted to CLT three times a year with an annual report in the summer. These reports include updates on the Council's programmes and major projects through the corporate risk register.

The Annual Assurance Report to Corporate Governance & Audit Committee and the Annual Risk Management Report to Executive Board will continue to be produced in May and June. However, this year, we are in the process of updating the corporate risk register to fully align it with the revised Best Council Plan and so CLT has agreed that the next risk report to Executive Board will be produced in 2015. In the interim period, this Committee can be assured that reports on the most significant risks (for example, Safeguarding, the budget, Health & Safety, school places, the Care Act) continue to be presented to appropriate boards for consideration, such as the Executive Board, Full Council, Children's Trust Board, Joint Health & Wellbeing Board and CLT, among others.

Risk Management

- 3.8 A range of risk registers continue to be managed across the Council at directorate, service, programme and project levels. As in previous years, specific assurances are given to this committee and other member groups on financial risk management and on various projects upon request. Key risks are reported upwards and considered in line with the relevant governance arrangements e.g. budget risks to the Financial Performance Group and then to CLT and the Executive Board; project risks to project boards; directorate risks to directorate management teams.
- 3.9 The process remains for escalating the most significant risks from directorate and service level registers to the Risk & Performance Board and ultimately up to CLT.
- 3.10 The corporate risk register houses the most significant risks to the Council including the six 'standing' corporate risks¹ that will always remain on the register and a 'RAG' rating of programmes and major projects. As noted above, we are currently in the process of updating the corporate risk register to ensure it is fully aligned with the revised Best Council Plan.
- 3.11 Following their transfer to Leeds City Council on 1st April 2014, staff from the Office of the Director of Public Health worked closely with colleagues from the Corporate Risk & Performance Team to ensure that their arrangements were fully aligned with the Council's Risk Management Framework. Public Health risks and projects are now included in the quarterly submissions to the Risk & Performance Board.
- 3.12 The risk management software (4Risk) has been further developed and rolled out during 2013/14. The majority of corporate and directorate risks have been migrated to the software along with all the directorate budget risks reported to the Financial Performance Group. The implementation of the software will help streamline future risk updates and reporting.

¹ Safeguarding children; Safeguarding adults; City resilience (emergency planning); Council resilience (business continuity planning); Financial Management and Health & Safety.

- 3.13 During 2013/14, a survey of project managers was conducted as part of the cross-council review of Programme and Project Management (PPM). The survey gauged opinion on the usage and value of the templates (including the risk log) used within the PPM process. When compared to the other templates, the risk log achieved the highest results in the survey and also had the greatest number of respondents, indicating its ongoing value within the Council. Although the survey results were favourable, they still indicate opportunity for further improvement and ongoing work with the Public Private Partnerships Unit (PPPU) to roll out the 4Risk software will aim to achieve this.
- 3.14 These processes and future plans should provide the Committee with a good source of assurance on the rigour of the Council's risk management arrangements during this transitional period.

Performance Management

- 3.15 The corporate performance management arrangements focus on the Best Council Plan and ensure that a high-level update on this is provided to key officers and members, including Executive Board and Scrutiny Boards. These provide a comprehensive but succinct update to enable further discussion, investigation, reports and action to explore any performance issues and to drive improvement. More detailed performance monitoring is carried out at directorate level.
- 3.16 During 2013/14, the corporate risk and performance team led the review and update of the Best Council Plan 2013-17: a streamlined, outcomes-based strategic plan closely aligned with the medium-term financial plan. Executive Board approved the updated plan on the 25th June. It sets out the authority's six strategic objectives and priorities for the next three years with specific action and performance indicators for 2014/15.

Future Improvements

- 3.17 At the time of writing, the Intelligent Council service is scheduled to become operational from autumn 2014. This new approach aims to further strengthen our approach to risk and performance management by greater co-ordination, improved inter-policy analysis, and consistent messages and analysis.
- 3.18 The corporate risk and performance team will be working with colleagues to deliver the following during 2014/15:

The Risk Management Policy will be updated to reflect any changes required, notably as a result of the Intelligent Council review.

As noted above, further work is planned to refresh the corporate risk register and align it to the updated Best Council Plan, after which it will form part of the information we draw on to report progress and key issues against the Plan objectives. This will involve engagement with CLT members and other staff to carry out this quick, cross-cutting refresh using existing risk information as a starting point. We will also update all directorate risk registers to ensure the same alignment with the updated Best Council Plan.

Once the corporate risk register has been updated, the risks will be reported to, and discussed with Executive members and this Committee.

Later in 2014/15, we will also aim to include those procurements and other activities, events and changes that could have a significant impact on the BCP objectives with the intention of moving closer to providing a single set of reports and data of use to

a range of audiences. These will remain internal documents and will be used in particular to inform reports to the Best Council Delivery Team.

We shall complete the roll-out of the risk management software to remaining directorates and services, in particular to City Development and Adult Social Care. This will also involve working with colleagues in the PPPU to establish the suitability of the software for use in administering programme and project risks.

The Corporate Risk & Performance Team will continue to provide risk workshops for specific projects and business change proposals. The scope of these workshops includes risk identification, analysis and evaluation, and agreement of mitigating actions for the risks. At the time of writing, the team is scheduled to deliver risk workshops for the Changing the Workplace programme and the Better Business Management Administration project.

A 'basket of measures' is being developed which will monitor progress against the 6 objectives and priorities laid out in the Best Council Plan 2013/17. Progress against these will be reported to CLT and other key stakeholders on a regular basis.

The Best Council Plan will be refreshed in time for the next financial year taking into account financial planning discussions, and the Joint Strategic Needs Assessment (JSNA) process. The review will be informed by Outcome-Based Accountability methodology.

A review of the organisation's approach to service planning will be carried out alongside the Intelligent Council review and Best Council Plan refresh.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 We have engaged with Risk & Performance Board colleagues on the contents of this report.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This is an assurance report and not a decision so due regard is not directly relevant.

4.3 Council policies and City Priorities

4.3.1 Under Principle 4 of the Council's Code of Corporate Governance, the authority should take, 'informed and transparent decisions which are subject to effective scrutiny and risk management'. The risk management framework, in support of the Risk Management Policy we have in place in the authority, supports this.

4.3.2 Using a structured and consistent risk management approach to focus discussion, prioritise resources and enable justifiable risk-taking will help the successful delivery of the Council and City priorities. The performance arrangements described in this report ensure that progress is monitored in their delivery.

4.4 Resources and value for money

4.4.1 These arrangements are resourced through existing teams across the council and therefore have no specific resource implications.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Without robust risk management arrangements, the Council could be in breach of the Accounts and Audit Regulations 2011 which require us to have 'a sound system

of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.' (Section 4.1)

4.5.2 There is no specific statutory duty to have performance management arrangements but, alongside risk management, it is a core principle of good governance and as such assurance is required on them in order for this Committee to approve the authority's Annual Governance Statement. Performance information is published on the Council's website.

4.5.3 This is an assurance report and not a decision so is not subject to call in.

4.6 Risk Management

4.6.1 Without effective risk and performance management arrangements, there is a danger that the most significant risks and issues that could impact upon the Council and Leeds are not properly identified and managed.

5 Conclusions

5.1 The council's risk and performance management arrangements have been further developed, improved and updated during 2013/14. Compliance with the performance management framework is good with further work planned in 2014/15 to update the Risk Management Policy and supporting arrangements.

5.2 While we can never be complacent, and some risks lie outside our control, this report provides the Committee with a good level of assurance on the strength of the risk and performance management arrangements currently in place across the authority.

6 Recommendations

6.1 Corporate Governance & Audit Committee is asked to receive the annual report on the Council's risk and performance management arrangements and note the assurances given.

7 Background documents²

7.1 None

² The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.