

Committee:	Audit Committee
Meeting Date:	28 January 2016
Lead Councillor/s:	Councillor Michael Bond
Local Councillor/s:	All Councillors
Director:	Geoff Dobson, Director of Resource Management Tel 01473 264347; Email: geoff.dobson@suffolk.gov.uk
Assistant Director or Head of Service:	Chris Bally, Assistant Director, I.T. and Business Development Tel: 01473 264953; E-mail: chris.bally@suffolk.gov.uk
Author:	Peter Knight, Interim Head of Performance & Information Management Tel: 01473 264554; E-mail: peter.knight@suffolk.gov.uk Paul Emeny, Business Development Specialist Tel: 01473 264510; E-mail: paul.emeny@suffolk.gov.uk Julius Oyebade, Business Development Specialist Tel: 01473 265492; E-mail: julius.oyebade@suffolk.gov.uk

Performance and Risk Management Annual Report 2015

Brief summary of report

1. The following report provides an update on the Council's performance and risk management arrangements and external inspection activity. The report is accompanied by the following appendices:

Appendix 1: Outcomes from external inspection and peer review activity.

Appendix 2: Key performance measures reported to Corporate Management Team (CMT) and Leadership Team.

Appendix 3: Latest version of the Corporate Risk Register.

Action recommended

- | |
|---|
| <ol style="list-style-type: none"> 2. That the Committee notes the content of this report and satisfies itself that robust arrangements are in place for effective management of performance and risk. |
|---|

Reason for recommendation

3. To provide the opportunity for the Committee to consider the operational arrangements in place for performance and risk management and receive an update on the latest developments for these key 'business as usual' areas of the Council.

Alternative options

4. None.

Who will be affected by this decision?

5. Service users, councillors and officers responsible for service delivery.

Main Body of Report

PERFORMANCE MANAGEMENT

6. A robust performance management framework and high quality information are essential to the running of successful public services. Without this, decision makers would not be able to monitor the effectiveness of services, or assess the impact of transformational change, reductions in resources on service delivery, or whether the organisation is meeting the expectations of residents and central government.
7. Central government introduced the 'Single Data List' in 2010. The list sets out the mandatory performance information that all local authorities are required to report to central government. In essence, the list conveys the expectations of government in the way it manages the performance of local councils and services. Since 2010, the number of statutory data returns required by central government has reduced by approximately one-third, but the submission of data returns remains a considerable draw on the Council's resources.
8. Mandatory performance information and data submissions provided to central government are used in a number of ways, one of which is to support the regulatory process. Although there is no longer any overall regulation of a Council's performance (as was the case previously, for example through the Comprehensive Area Assessment regime), a number of Council services continue to be regulated by external bodies such as Ofsted and the Care Quality Commission (CQC). To support this process, performance information is used to evidence improvements to service delivery and highlights where remedial action may be required.
9. As well as being regulated and inspected by external bodies such as Ofsted and CQC, council services not normally inspected through this statutory process can volunteer to be reviewed and challenged by industry experts, e.g. professionals from other councils or independent specialists, who will look at the service and undertake a peer review of how effectively that service is provided. Each peer review provides an independent assessment that will challenge and focus on issues identified in discussion with the council, its partners, staff and customers.
10. More information about the regulatory process and peer reviews is provided later in this report and Appendix 1 provides a summary of the outcomes from external inspection and peer review activity undertaken in 2015.
11. In addition to providing performance information for government, councils also collect and monitor local performance information to inform decision making and the impact of change programmes. Councils have considerable flexibility in the way they undertake performance management activities, which allows them to tailor their approaches to local circumstances, for example through focusing on

the achievement of corporate priorities or implementation of major programmes or projects.

12. Understanding how Suffolk compares to other areas is also important in helping identify good practice and helping managers set realistic expectations of what constitutes real improvement. Central government provides councils with online tools to help them with benchmarking activity. There are a number of nationally hosted online resources that provide data that can be used by councils to understand how their services perform in relation to other areas. Most notably:
 - LG Inform (hosted by the Local Government Association)
 - Neighbourhood Statistics (hosted by the Office of National Statistics)
 - NOMIS (economic data also hosted by the Office of Nations Statistics).
13. LG Inform was developed in response to the local government sector's call for greater freedom over how it performance manages its activities and the desire for an approach to improvement based on learning and good practice.
14. Other online performance information and benchmarking tools provide a more service specific focus and are a rich source of comparative statistical information to help local authorities monitor their performance. Examples include:
 - Public Health Outcomes Toolkit (hosted by Public Health England) - provides an overview of public health performance measures
 - Local Authority Interactive Tool (hosted by Department for Education) - provides data about children and young people
 - Ofsted Data View – provides Ofsted inspection data for schools, early years' providers, further education and skills providers, etc.
 - Health and Social Care Information Centre (hosted by the Department for Health) - provides information about adults using health and social care services.
15. In addition, the Suffolk Observatory provides statistical data and reports about the county at a very local level. The Observatory is an interactive website funded through a partnership with district and borough councils and the police. It provides data and reports across a range of themes and a range of geographical levels, including county, district and ward level.
16. Since 2010, all councils are required by government to publish information as part of the national transparency 'Open Data' and localism agenda. Under the new Code of Practice for Transparency, the Council publishes a range of information on its website, such as spend transactions over £250, senior staff salaries, spend on contracts and procurement, and a property asset register.
17. The Council also monitors performance activities associated with partnership bodies such as Local Enterprise Partnerships and the Suffolk Health and Wellbeing Board, e.g. through the Joint Strategic Needs Assessment (JSNA). These activities generate additional demands for the Council.

Suffolk County Council's Approach to Operational Performance Reporting

18. The Council's corporate approach to performance management is set out annually in the 'Corporate Planning and Performance Framework and Guidance' document. The guidance summarises the key elements that managers at all levels within the organisation need to take into account when undertaking planning and performance activities. The guidance also aims to ensure there is a high level of consistency in approach across the organisation, whilst at the same time allowing flexibility for individual directorates to adapt processes to their specific needs.
19. The Corporate Planning and Performance Board (created in 2012 and represented by directorate leads for performance as well as Finance, HR, Customer Services, and Audit Services), is the group that oversees the Council's planning, performance, and risk management processes. The Board meets every quarter to discuss and agree a broad range of performance, planning, and risk management issues and review the corporate performance report prior to consideration by the Corporate Management Team (CMT) and Leadership Team.
20. The corporate performance report is produced each quarter and brings together a wide range of performance data and other information. This information is regularly reviewed to ensure what is being reported reflects the most important issues the Council is facing and that it draws attention to achievements and areas where more focus is required. Performance measures are aligned to the Council's priorities, as shown in Appendix 2 which lists the measures currently included in the corporate performance report.
21. The integrated corporate performance report incorporates the following elements:

a) Corporate Health

- Organisational Finance: Spend v Budget
- Savings Targets
- Human Resources – staff numbers and trends
- Occupational Health
- ASPIRE values
- Health, Safety and Wellbeing
- Equalities and Inclusion
- Risk Management

b) Corporate Priorities – Performance

- Educational Attainment and Skills
- Support LEPs and Growth
- Roads and Infrastructure
- Support Vulnerable People
- Empower Local Communities
- Other Key County Council Services

c) Customer Insight

- Customer Service/Digital Transformation
- Information Management (e.g. Freedom of Information)
- Complaints and Compliments
- Customer Surveys

d) Transformation/Enabling Programmes

- Transformation Portfolio Summary
- Updates on Key Organisational Programmes

22. Reporting performance against service priorities at directorate management team (DMT) level also is well embedded and reports are discussed at least quarterly, and for some directorates monthly (for example, Adult & Community Services). Whilst there is corporate guidance and a framework for reporting performance, flexibility is important to allow directorates to adopt an approach that best fits their strategic priorities and service-specific circumstances. Most directorates, however, follow the corporate model and consider performance alongside other key information such as workforce and finance data, as this is generally recognised as good practice and an effective way to manage services.
23. The format and content of all directorate performance reports are reviewed regularly to ensure they align with the transformational changes that are taking place across the organisation. For example, the Children & Young People's Services and Adult & Community Services Directorates continue to refine their performance reporting arrangements to measure the success of their new operating models. This enables them to monitor whether the delivery of early intervention and prevention strategies are helping to reduce the levels and costs of specialist support.
24. Performance support, advice and challenge are provided to directorates by the Business Development Team and through the Corporate Planning and Performance Board.

Monitoring the performance of divested services

25. Divested companies provide services previously delivered by Suffolk County Council 'in-house'. Some divested companies provide services on behalf of the Council, for example Suffolk Libraries and Suffolk Highways. For these services contractual arrangements are in place and have been agreed between the divested company and the Council. These arrangements include agreed performance indicators and targets whereby the divested company will be held to account for poor performance by the Council through a client/business relationship.
26. Other divested companies are wholly-owned businesses where services are provided both to the Council and to the wider commercial sector, for example Vertas Ltd, Concertus Property & Design Consultants Ltd, and Opus People Solutions Ltd. As with other divested companies, there are contractual arrangements in place to challenge poor performance. As wholly-owned

commercial entities the Council will benefit from a share of future profits. Governance arrangements for wholly-owned divested companies are incorporated into the Council's Annual Governance Statement.

27. The Council's Contract Management Board has oversight of all commercial activities and how these are contract managed. The Board's membership includes Assistant Directors from each directorate. The Board is chaired by the Director of Resource Management and meets every six weeks. The Contract Management Board also oversees the commercialism project which forms part of the support services transformation programme.

EXTERNAL INSPECTION PROCESS

28. The following section provides an overview of regulatory and peer review activity undertaken in 2015. Appendix 1 summarises the main outcomes from these activities.

External Audit

29. The Council's external auditors (Ernst & Young) issued their 2014/15 Annual Audit Letter in October 2015. This included the outcome from the statement of accounts audit and a value for money judgement. These aim to provide assurance that the Council has proper arrangements in place to secure efficiency and effectiveness in its use of resources.
30. The auditors did not identify any significant issues and issued an 'unqualified audit opinion' (in accordance with Audit Commission guidance) on the Council's financial statements and value for money assessment.

Adult Social Care

31. The Care Quality Commission (CQC) continues to regulate adult social care services using a revised framework introduced in early 2015. Judgements are rated using the following outcomes: 'Outstanding', 'Good', 'Requires Improvement', and 'Inadequate' – a scoring system that mirrors the Ofsted framework. CQC inspects both residential care and nursing home services and Home First (home care) services. CQC inspections are also undertaken for externally commissioned services and not just those services provided directly by the Council.
32. Whilst CQC has a statutory responsibility for regulating registered care home services, the Council also monitors the quality of services under its contracts by monitoring providers. This information is used by the Adult & Community Services (ACS) Quality Improvement Team to identify providers that are failing and who require support. There are also regular contract meetings between ACS and Care UK (the Council's main care home provider).

Serious Case Reviews – Suffolk Safeguarding Adults Board

33. The Suffolk Safeguarding Adults Board now holds a statutory responsibility (from April 2015) to produce an annual report outlining the effectiveness and quality of

multi-agency safeguarding practice. The report provides a mechanism by which the Board communicates its activities to governing bodies of partner organisations and members of the public. The last serious case review (a joint investigation case with Norfolk) was undertaken in 2014/15

Adult Learning Service

34. The Adult Learning and Skills Service was divested in 2012 to form Realise Futures - a Community Interest Company. The service is periodically inspected by Ofsted, although it was not inspected in 2015. The last inspection (in March 2014) rated the service as 'Good'. This was an improvement on the previous inspection in 2013 when the service was rated as 'Requiring Improvement'.

Suffolk Records Office

35. The Suffolk Records Office Service is subject to inspection under the Archive Accreditation Scheme by the National Archive (NTA). The Council is currently accredited with a 'place of deposit' status and in order to maintain this status the Council has to continue fulfilling its statutory obligations. The service was last inspected by the NTA in 2011 who rated Suffolk as 'a four star service' (the top rating). As a 'four star service' Suffolk is not due to be re-inspected until 2017.

Children and Young People Services

Ofsted inspections – Schools

36. Ofsted inspects the following types of schools in Suffolk: Nursery, Primary, Secondary, Pupil Referral Units (PRUs), Sixth Forms, and Special schools.
37. Schools are notified of an inspection on the working day before it is due to start with inspections normally last around two days. Inspectors engage with head teachers, schools staff, and governors, and also take into account the views of parents and pupils. Inspections focus on the quality of education provided in the school and a judgement is made based on a range of criteria, including pupil achievement, the quality of teaching, pupil behaviour and safety, and the quality of leadership and management of the school. Ofsted also takes into account the spiritual, moral, social, and cultural development of pupils, and the extent to which the education provided meets the needs of all pupils, in particular disabled pupils and those with special educational needs.

Ofsted inspection – School Improvement

38. Ofsted inspects the Council's services for school improvement and make a judgement on how the Council is responding to the need to improve outcomes for children. Suffolk's school improvement services were inspected early in 2015.
39. These inspections focus on the support given to schools in raising aspirations and pupil attainment as well as the Council's approach to tackling weaknesses in school leadership and governance arrangements.

Ofsted – single inspection of services for children in need of help and protection

40. An inspection of these services (under the new single framework) was undertaken in Suffolk in December 2015. The outcome of this inspection is expected in early 2016. The primary focus of this inspection is to demonstrate how effectively (and timely) children are supported in achieving permanent safe care with their families or with alternative carers. The new framework encompasses services for children in need of help and protection, children looked after and care leavers, adoption and fostering Services, and the Local Safeguarding Children Board.

Ofsted inspections – Children’s Homes

41. For these inspections Ofsted will consider what they have observed and then make judgements across the following criteria, including outcomes for children and young people, the quality of care, safeguarding, and leadership and management. During inspections, Ofsted engage with families, parents, and children, including through focus groups, observations across a range of activities and stakeholder Interviews. Following the inspection, Ofsted provides recommendations for improvements.
42. The Council’s accommodation programme is managed and monitored by the independent Local Safeguarding Children Board and involves the children, families, partner providers and other stakeholders. The Board reviews practice in line with current legislation and good practice research.

Ofsted inspections - Early Years and Childcare

43. Ofsted inspects all 417 private, voluntary and independent (PVI) early learning providers currently signed up to the Suffolk List of Providers. As with other education services, Ofsted will rate each provider as ‘Outstanding’, ‘Good’, ‘Requires Improvement’ and ‘Inadequate’.
44. The Council’s Early Years and Childcare Service works with providers judged as ‘Requiring Improvement’ and ‘Inadequate’ to provide challenge and support in improving the quality of the services.

Serious Case Reviews – Suffolk Safeguarding Children’s Board

45. The Safeguarding Children Board has a statutory duty to undertake reviews of cases where abuse or neglect of a child is known or suspected, or there is cause for concern as to the way in which the Council, its partners, or other relevant persons have worked together to safeguard the child. One serious case review (Young Person “C”) was undertaken in 2015.

Suffolk Fire Service - Operational Assessment and Fire Peer Challenge

46. The Fire Peer Challenge is part of a sector-led improvement initiative and is a key component of the Local Government Association’s ‘Taking the Lead’ offer. The review consists of on-site activities including interviews, observations, and focus groups, based on a comprehensive self-assessment. The self-

assessment process is designed to form a structured and consistent basis to drive continuous improvement within the Fire & Rescue Service and provide fire authority elected members and chief fire officers with information allowing them to challenge operational service delivery to ensure it is efficient, effective and robust.

47. All 46 Fire and Rescue Authorities have undertaken a peer challenge. Suffolk's took place in December 2013 and the key headline findings highlighted that Suffolk Fire & Rescue Service was providing 'a good service' and was 'well-led'

Suffolk Highways – Peer Review

48. In 2015 Suffolk Highways was subject to a Highways Maintenance Efficiency Programme (HMEP) Strategic Review. The review is a sector-led approach that involved challenge from both officers and members. The review provided an open and honest appraisal of the service and its activities to identify both strengths and weaknesses.

Health and Safety Executive

49. The Council's Health and Safety function is subject to Health and Safety Executive (HSE) scrutiny but there has been no formal investigation since February 2012 and the last improvement notice was received in January 2011.

Transformation Programmes – Gateway Reviews

50. The concept of a Gateway Review is to provide a challenge to each of the County Council's transformation programmes and to review work undertaken to date. Key questions posed during the reviews include:
- a) To what extent is each programme delivering the aims it set out to achieve?
 - b) What difference is each programme making to the services it aims to transform (financial and non-financial benefits)?
51. Each review also looks at plans for future work areas and offers challenge as to whether these are the best options for change, and explores different perspectives on how things could be done differently based on experiences of what has worked well elsewhere.

RISK MANAGEMENT

Background

52. The Council's overall approach to managing risk is based upon the Active Risk Management (ARM) model. ARM is a pragmatic and flexible approach to risk management in which staff actively manage risks by considering a number of basic questions in their everyday work, such as:
- a) What could go wrong?
 - b) If it happens, what will be the impact?

- c) What am I doing about it?
- d) Is it working?
- e) How am I monitoring it?

53. The corporate risk database system (JCAD Risk) is used to record risks and responses, and its use has resulted in a more coherent and consistent approach to managing risk across the organisation. This has led to a more comprehensive and meaningful risk reporting process to the Corporate Management Team (CMT) and directorate management teams (DMTs).
54. The flexibility inherent in ARM encourages risk owners to tailor their risk management approach to suit their business environment and operational needs and use the most effective means of recording. However, it is still necessary for risk owners to follow good practice when recording information, such as risk score and mitigation.
55. Where the use of the corporate database system does not lend itself to the specific purpose of risk management activity, for example where there are a number of detailed risks under a larger headline risk, then risk owners are encouraged to use the most effective means of recording whilst ensuring that the headline risk is recorded on JCAD. This is particularly the case where large or complex projects develop their own risk logs and may use other systems to share project plans and risk registers.

Focus of Activity in 2015

56. Sustaining momentum in embedding effective risk management practice across the Council continued to be the main focus in 2015. An update on the progress made during 2015 is provided below:
- a. Ensuring that the Corporate Risk Register (CRR) is a 'live' system and that responds to the fast-changing environment and the new challenges and opportunities that the Council will face going forward:**
 - i) The CRR is reviewed regularly to provide assurance that it is up-to-date and focuses on the key risks that are deemed to be corporately significant to the Council. In addition to the regular quarterly monitoring (undertaken as part of the corporate performance report), a comprehensive review of the CRR is undertaken annually. Undertaken by the Assistant Chief Executive, Head of Performance and Information Management and the lead officer for risk management, the review is reported to and considered by the Corporate Management Team (CMT). Furthermore, the Leadership Team (comprising Cabinet Members and CMT) reviewed the CRR collectively in November 2015. They were satisfied that the CRR covered all the significant areas of risk and were pleased that mitigations were recorded against all risks on the register. CMT and the Leadership Team will review the CRR at least annually.
 - ii) The annual review in 2015 resulted in a set of changes to the CRR including the removal of risks that were no longer relevant, had expired

or were duplicated, and the addition of new risks. The proposed changes were discussed and agreed by CMT. A list of the risks contained in the CRR as at December 2015 is provided in Appendix 3.

- iii) Officers have been reminded of the need to adhere to the principles of ARM, by ensuring a consistent approach to terminology and the phrasing of risk descriptions. In addition a guidance document explaining the preferred Cause→Effect→Result (CER) approach has been added to the risk management pages on the 'MySCC' portal. Officers have also been reminded of the importance of timely review and accurate recording of risk information (including mitigation and scoring) to effective risk management and the embedding of a 'risk-aware' culture in the Council.

b. Ensuring that risk management becomes fully embedded in team and service management activities, building on the approaches adopted for corporate and directorate management teams:

- i) Good progress is being made across the organisation in establishing risk management as an integral part of the business processes of corporate, directorate and service management teams.
- ii) A network of risk champions has been established across all directorates and they have been effective in challenging and encouraging colleagues to comply with the Council's ARM approach. Risk reviews feature prominently on the agenda of management team meetings, either as a stand-alone item or in combination with performance reporting.
- iii) Risk management continues to feature as part of the Council's business planning process and Corporate Planning & Performance Board meetings. Risk management has also been integrated into quality and assurance processes for the Council's transformation programmes and key projects.
- iv) The feasibility of migrating the CRR from the JCAD system to the Council's new Customer Service Platform (CSP) is currently being investigated. Capabilities within this system would enable directorate and service management teams to more effectively integrate risk management into routine business processes; this would also have the benefit of reducing cost to the organisation by not renewing the JCAD licence.

c. Ensuring that the reviewing/reporting processes are effective across the directorates

- i) The current status of the respective risk review and reporting processes adopted by directorate management teams, is provided below:

Directorate	Risk review/reporting arrangements
Children & Young People's Services (CYP)	The Directorate Management Team (DMT) reviews performance every two months and includes user views and the risk register alongside the standard performance report.
Adult & Community Services (ACS)	The arrangements within ACS are currently under review as part of wider changes to performance and risk reporting. However, risk review will form an integral part of the overall performance review and reporting process.
Resource Management (RM)	Risk review will be undertaken monthly, during the full RM DMT meeting and as part of the performance review.
Public Health & Protection (PHP)	<p>Risk reviews for Public Health and Public Protection will continue to occur independently, however they will pay regard to the other team's risk register to ensure areas of mutual concern are identified and addressed.</p> <p>Risk management arrangements within Public Health are under review as a result of the formation of the new combined directorate.</p> <p>A newly established risk review process has been developed for Public Protection, expected to be effective as of January 2016, following approval by DMT at its January meeting. Individual services will maintain their own risk registers and review their risks as a management team. The Public Protection DMT, consisting of senior managers from across the services, will review key risks for the directorate on a quarterly basis. The risk review process will be aligned with performance reporting.</p>

d. Continuing to review the guidance documentation and training provision to ensure that they provide managers with the support and advice they need to undertake their risk management activities effectively:

- i) Following the decommissioning of COLIN, the risk management information pages have been transferred to the 'MySCC' portal. The opportunity was taken to include an additional guidance document on the wording of risk description and contact details for risk champions. The risk management pages are updated as required based on new developments. A 'reality check' review is conducted periodically to ensure that the guidance and policy documents are up-to-date.
- ii) Although formal risk management training courses are not provided for staff, 1:1 training and support on the use of the JCAD system is provided on an 'as required' basis, e.g. for new users of the system. However, a risk management e-Learning training module is being developed in conjunction with colleagues from the Learning & Development (L&D) team. This will ensure that an introductory guide on risk management is available to all staff within the Council.

e. Learning from best practice so that the Council's approach to risk management benefits from continuous improvement:

- i) Approaches to risk management, and identification of elements of best practice are shared with colleagues in other upper tier authorities through the Association of County Chief Executives (ACCE) Performance & Intelligence Advisory Group, which meets quarterly. Useful discussions have also taken place with risk lead officers from individual councils to identify potential areas for improvement. Furthermore, reviewing publications and news updates from leading authorities, such as the Institute of Risk Management (IRM), ensures the latest developments in risk management can be incorporated into Suffolk's practices where appropriate.

Review of Risk Management by Audit Services

57. The regular audit of risk management by the Council's Audit Services for 2015 was postponed to January 2016, to allow a number activities relating to risk review and governance to be completed. It was felt that the audit would be more effective if it were to be conducted after these activities had been completed. Furthermore, Audit Services advised that they would approach risk management from an audit assurance framework perspective to enable a more holistic view of the Council's risk management arrangements to be evaluated. The outcome of the assurance framework activity is not yet available but is likely to be reported to the Audit Committee in March or May 2016.

58. Update on areas identified as requiring improvement in 2015:

- a) **Transformation programmes:** risk management is now integrated into the review and reporting processes for the Council's transformation programmes.
- b) **Training:** a risk management e-Learning module is being developed and will be launched in 2016.
- c) **IT risks:** the Council has employed an IT Security Officer whose main responsibilities include the management of IT-related risks. The IT team has established effective processes for risk management, resulting in a risk register that reflects the key IT risks facing the organisation.

Areas of Focus for 2016

59. In addition to continuing to refine and improve the Council's overall risk management arrangements, the following activities will be given particular attention during 2016:

- a) Migration of the Corporate Risk Register from the JCAD system to the new Customer Service Platform.
- b) Completion of the design and implementation of the risk management e-learning module and rollout.
- c) Updating policy and guidance documentation as appropriate and working with Risk Champions to identify and develop additional guidance.
- d) Working with Public Health & Protection DMT to establish robust risk review and reporting processes.

SOURCES OF FURTHER INFORMATION

- a) LG Inform
<http://lginform.local.gov.uk/>
- b) Suffolk Observatory
www.suffolkobservatory.info
- c) Risk Management area on the County Council's Intranet
<https://suffolknet.sharepoint.com/sites/myscc/myjob/Pages/risk-management.aspx>