

## Management Board

### Balanced Scorecard – an update

*Note by the Head of the Office of the Chief Executive*

#### 1. Purpose

- 1.1 This note is to update the Board on proposals for the development of the Balanced Scorecard.

#### 2. Actions for the Management Board

- 2.1 The Board is asked to take note of the proposals for developing the Balanced Scorecard. Board members are invited to convey any views to the Office of the Chief Executive before the Board meets on 15 January.

#### 3. Work undertaken

- 3.1 During December, the Strategy, Performance and Planning team ([s.40]) met with Directors General to discuss the balanced scorecard, the team's preparatory work and emerging findings. In addition, the team also met representatives of the Environment Agency, Cranfield Business School and the BBC to discuss the balanced scorecard and strategic planning.
- 3.2 During January, we met with Alex Jablonowski to discuss both the approach to developing the scorecard and first ideas for its format and content.
- 3.3 The following reflect the views expressed by Board Members:

##### ***Purpose***

- The balanced scorecard should be more than a performance monitoring tool: it should contribute significantly to Board decision-making, business planning and resource allocation.

##### ***Format***

- The goals set out in the Corporate Plan could create the basic framework for the balanced scorecard.
- We should not get too hung up on what goes in which part of the quadrant, but focus first on what the important issues are.

##### ***Performance information***

- As well as analysing current and past performance, the Balanced Scorecard should look forward, capturing where we expect to be. This would require designated owners to judge

their future performance levels (over a time horizon to be determined), and allow the Board to take remedial action, if needed.

### ***Presentation***

- The Balanced Scorecard should be simple to read and clearly presented. “Traffic light” indicators for past, current and future performance could be the basis for the presentation.
- There should not be too many indicators on the Balanced Scorecard (the Environment Agency has some 54 indicators!). No more than a dozen indicators on the front dashboard would be desirable.
- But, in order to limit the number of indicators, some would need to be aggregated within and across departments. There was a risk that aggregation might hide adverse performance.

### ***Supporting information***

- There should be more detailed information behind the front dashboard, to allow the Board to examine indicators in further detail. [The OCE envisages that, rather than just passing on information requested by the Board (as at present), it will ask Departments for a wide range of information, which it will sift – and challenge – on behalf of the Board.]

### ***Process***

- The process adopted should minimise effort in submitting data. It might be possible to link department and corporate performance information spreadsheets so the data only has to be input once. However, this is a second order priority relative to launching the Scorecard in April. The focus should be on defining what is important, rather than the process for obtaining information. [This can improve over time.]

## **4. Developing the scorecard**

### **4.1 The next steps will include:**

- meetings with departmental representatives at various levels (a) to find out exactly what information is collated at present and (b) to discuss what *should* be our key performance indicators, and wider issues
- discussion with key professionals (finance, procurement, HR, environment etc) on how best to measure performance in their areas

- liaison with work underway to develop project and programme management (especially in PED and PICT) to ensure that provision of information to the Board is built into the planned approach
  - joint working with risk facilitators to ensure a joined-up approach to risk and performance reporting
  - joint working with internal audit to ensure work on the balanced scorecard fits with the overall assurance framework.
- 4.2 The intention is to present a “first shot” scorecard to a workshop of the Resource Management Group on 16 February. This will be facilitated by Alex Jablonowski. Other Board members would be welcome to attend.
- 4.3 Further consideration will be given to how best to involve other senior managers in the development of the scorecard. This could be done through Departmental management meetings or perhaps another meeting of the senior leadership cadre. Activities to publicise the Corporate Business Plan and departmental plans in February / March could provide opportunities to involve staff more widely.

## 5. The Board’s role

- 5.1 It is important that the Board should “feel ownership” of the Balanced Scorecard and that Board members should be at the forefront of its development. On balance, we think that it is best use of the Board’s time to wait till the Board on 16 March before presenting a proposed Scorecard for discussion. If there is appetite among Board Members for a collective discussion earlier, this could take place at the February Board or at a separate Board workshop. If not, we will continue to engage closely with Board members on an individual basis as the proposals develop. **Board members are invited to tell us how they wish to be involved.**

## 6. Implementation

- 6.1 Subject to the Board’s approval in March, it is hoped that a Balanced Scorecard will be in place by 1 April. It is likely that it will take longer to ensure that all the information required to underpin the Scorecard is available, and reliable. 2009/10 will be a trial year, in which the scorecard will be evaluated and refined.

## 7. Member involvement

- 7.1 There are no plans, at present, to involve Members in the development of the Balanced Scorecard. The Board might wish to inform the Commission, the Finance and Services Committee and the Administration Committee of developments in April; or you might think it better to wait till the scorecard is embedded, perhaps in Autumn 2009 (as part of the next financial and business planning round). Alternatively, you might want to consult Members earlier on what you consider to be the key elements for the Scorecard, and – particularly – on how we intend to measure Member satisfaction.

## **8. Consultants**

- 8.1 The option of involving outside consultants either in the overall development of the Scorecard or in facilitating particular events will be kept under review.

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**January 2009**