Management Board

Balanced Scorecard

Paper from the Head of the Office of the Chief Executive

1.   Purpose

1.1   This paper presents the Board with the first prototype of the Balanced Scorecard. Further development is required, and the Board's feedback on the approach adopted would be very helpful.

2.   Action

2.1   **The Board is invited to:**
   - **Consider the structure of the prototype dashboard**
   - **Review the chart pages which provide additional information on each of the critical success factors**
   - **Agree the format for the reports from DGs**
   - **Note the risk report.**

3.   Consultation

3.1   Following the Board's meetings in March to develop the scorecard, and the leadership event at the end of March, the OCE has held discussions with departments to build up the report to be submitted to the Board. Because of the limited time available to do this, and the recess, full consultation with DGs has not been possible. **The team hope to meet Board members individually before the Board meeting to discuss the prototype in detail.**

4.   Approach

4.1   As the scorecard and supporting chart pages are still in development, the Board is asked to focus more on the structure and layout than the detailed information. Our approach has been to focus not on what we can measure at present, but on what the Board, given its goals and priorities, *should* know, and then to develop suitable measures. For example, the OCE is liaising closely with departments to develop measures of projects; it is intended that these measures should do more than simply count the number of projects and their cost, but instead tell the Board if key projects are meeting the aims stated in their business cases, and are running to time, cost and quality. A lot of the dashboard is currently empty, but should fill up over the following months.

5.   Prototype

5.1   The prototype consists of:

      a.   a front page dashboard

      b.   underpinning chart pages for each critical success factor (showing the working behind the dashboard)

      c.   a template for DGs' monthly reports

      d.   a risk report with the monthly escalated risks (which we hope over time to integrate with the balanced scorecard).

6. Dashboard

6.1   The prototype dashboard shows the critical success factors identified for each quadrant with a four part traffic-light box (showing past, present, short-term and long-term future performance) for each. The traffic lights are currently largely impressionistic. Work is underway to develop criteria for colour coding, but there may always need to be some qualitative assessment.

- **Are the critical success factors the right ones?**
- **Does it meet the Board's requirement of being forward looking?**

7. Chart pages

7.1   The chart pages are currently only partly populated, and the services quadrant is particularly thin. The intention is to identify and show a few key performance indicators for each critical success factors – which in aggregated form will be shown on the dashboard. The small box shows our ideas for other indicators: these are being discussed with Departments. It is also proposed to focus on a few factors (probably different each month) and to provide some narrative on those.

- **Does the mix of tables and narrative work?**
- **Where KPIs are provided, are they appropriate?**

8. DGs' reports

8.1   A prototype template for a report from a DG is included, based on the report used in PICT. Each DG will be invited to supply this each month: no more than a single page each.

- **Is the principle of DGs' reports a good one, and is the proposed format acceptable?**

9. Risk report

9.1   **The Board is invited to consider the risk report and the escalated risks in the usual way.**

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Office of the Chief Executive   April 2009