

## Management Board

### New Balanced Scorecard

*Paper by the Strategy, Planning and Performance Co-ordinator,  
Office of the Chief Executive*

#### Purpose

1. This paper presents:
  - 1.1. A draft new corporate balanced scorecard for the Management Board, based on the new strategy, and reflecting the Board's decision to publish papers subject to any FoI exemptions which may apply;
  - 1.2. Proposals for handling the discussion of performance in Management Board meetings; and
  - 1.3. Proposals for cascading the new approach to departments.

#### Matters for decision

2. The Board is asked:
  - (a) To consider whether the structure of the proposed new balanced scorecard meets its needs for management information (see Annex A);
  - (b) Whether the proposed dashboards strike the right balance in terms of level of detail with respect to publication (see Annex A);
  - (c) Whether the proposed definitions of red, amber and green are appropriate for its needs (paragraph 9);
  - (d) Whether the proposed approach to discussion of performance in Board meetings is the right one (paragraph 10); and
  - (e) Whether it supports the proposal for OCE to undertake a review of departmental performance reports as a first step towards developing a more coherent approach to departmental performance management (paragraph 13).

#### Background

3. The draft new balanced scorecard:
  - Is intended to assess progress in achieving the new strategy;
  - Will help to integrate the management of strategy, performance and risk;
  - Will consider business-as-usual performance as well as progress in achieving strategic goals;

- Will provide a more systematic approach for assessing performance, by having clear targets and tolerances for each measure;
  - Reflects the new approach to risk management being developed as part of the Risk Management Project;
  - Incorporates the recommendations of the Internal Audit Report on the balanced scorecard; and
  - Will provide a more focused framework for the Management Board to discuss performance and risk.
4. There is a general need to “up our game” on performance management, which will require some cultural change. This will require the OCE to take a more directive approach than has been the case previously. Similarly, the Board will need to be more systematic in the way they deal with performance and risk, in order to move from performance monitoring to performance management. As an organisation, we need to move away from the assumption in some quarters that reporting poor performance is detrimental to one’s team or department. Instead, a new culture surrounding the use of the balanced scorecard should support transparency in reporting, help to drive action and thus help the House improve its ability to achieve its corporate goals.

### **Structure of the new balanced scorecard**

5. A rough mock-up of the draft new balanced scorecard is shown at Annex A. It should be emphasised that much of the *content* has yet to be developed; Board Members are asked to focus their deliberations on the *structure*. Some existing key performance indicators have been incorporated into the new structure for illustrative purposes only.
6. The proposed new scorecard is in two parts. The first is a set of three dashboards, covering business-as-usual performance, progress in achieving strategic developments, and risk. The second is a highlight or exception report setting out all the indicators and risks which score red, accompanied by a narrative. This would be drafted by OCE but would require input from departments. It is intended that the dashboards would be published on the intranet and internet in line with the Board’s recent decision to publish more of its papers and contributing to our strategic goal of having an open and transparent way of doing business.

### **Selection of indicators**

7. It is proposed that the corporate balanced scorecard should be based around a number of top-level indicators. These will be aligned to strategic goals and provide the Management Board with a holistic view of the health of the

organisation. Significant work is still required to select and define these indicators; this will be informed by the development of the strategic plan. Rather than slotting existing indicators into the scorecard, effort will be required to identify which aspects of performance are most important and therefore need measuring, even if they are not currently being measured.

8. Central to the new approach will be: assigning a Board-level owner to each performance measure; the setting of targets; and agreeing tolerances. The aim is to make assigning RAG status much less subjective than is currently the case. This will improve the consistency of the information provided and give the Board a greater level of assurance.
9. More fundamentally, the Board needs to agree what “red”, “amber” and “green” actually mean in this context. The definitions outlined below are consistent with the approach being taken with risk, whereby responsibilities are delegated to departments for day-to-day management. Only when risk or performance requires Board attention is it then escalated.

RED	Unacceptable performance which requires remedial action: either a decision by the Management Board (such as additional resources or because of cross-departmental dependencies) or the Management Board receiving and scrutinising the proposed action by the Director/Manager and agreeing that it will be effective. The action will then be monitored by the Management Board until performance returns to an agreed target level.
AMBER	Performance which is significantly below target but where action by the Management Board is not required for the time being, because assurances have been received from the Director General that the relevant Departmental Management Board is managing it. That DMB will actively monitor the situation and any further slippage will be escalated to the Management Board for further explanation.
GREEN	Performance which is acceptable – either at or only slightly below target.

### Handling in Management Board meetings

10. For the new scorecard to work properly it is essential that all “red” indicators are discussed and that either the Board agree to take remedial action collectively or to accept an action plan proposed by the relevant director or manager. This should be followed up after a suitable interval to ensure that the action has been successful, and reported back to the Board.

### Departmental Scorecards

11. Practice in measuring and reporting performance varies across the House. Most departments have some form of monthly performance report, structured around

their departmental business plan and aligned to the core tasks and supporting tasks in the current corporate plan.

12. The Internal Audit Report noted that there should be an agreed approach towards departmental scorecards; acknowledging the differences between departments, but reflecting the fact that all departments should be properly aligned in measuring their contribution to the achievement of corporate goals.

13. OCE will work with departments to develop a common approach, focused on strategic goals but reflecting the differences between departments. As a first step, OCE intends to undertake a review of the performance reports currently compiled by and used within departments.

### **Conclusion**

14. The proposals outlined above will go some way towards improving the reporting and management of performance at both a corporate and departmental level. However, they are only a first step in developing a “true” balanced scorecard. Further work will be required to ensure that the range of measures is balanced between the four quadrants and that the linkages between them are better understood.

[s.40]











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**Annex A: Draft New Balanced Scorecard**

**Key Performance Indicators: OCTOBER 2010**

	Target	Period	Performance	RAG
<b>Respected</b>				
Fol requests answered in statutory limit	87%	Aug	98.0%	
<b>Effective</b>				
<b>Efficient</b>				
Resource budget forecast out-turn	-5%/+2%	Sep	-0.5%	
Capital budget forecast out-turn	-5%/+2%	Sep	-13.4%	
Works Helpdesk cases resolved	86%	Sep	86.0%	
Mail deliveries (10am target)	77%	Sep	69.0%	
Undisputed invoices paid within 30 days	100%	Sep	89.4%	
ICT Helpdesk cases resolved within deadline (Members)	90%	Q2	89.8%	
ICT Helpdesk cases resolved within deadline (all)	90%	Q2	88.7%	
<b>Informed</b>				
Library enquiries answered within deadline	97%	Sep	96.4%	
Members using Library 5+ times in three months since election	45%	Aug	62.0%	

**Feedback**

[new section to be developed, recording feedback from Members - praise and complaints]

## Delivering our Strategy: OCTOBER 2010

	Period	RAG status		
		last month	this month	3
				months time
<b>Respected</b>				
<b>Effective</b>				
Procedural Programme	Sep	Yellow	Yellow	Yellow
Information Management Framework	Sep	Yellow	Yellow	Yellow
Fire Safety	Sep	Green	Green	Green
Offsite Search and Consolidation	Sep	Green	Green	Green
Stand-off Protection	Sep	Red	Yellow	Yellow
<b>Efficient</b>				
Web & Intranet Programme	Sep	Yellow	Yellow	Green
Facilities ICT	Sep	Yellow	Yellow	Yellow
Members' ICT	Aug	Green	Green	Green
ICT Infrastructure	Aug	Green	Green	Green
Facilities Transformation	Sep	Green	Green	Green
M & E	Sep	Green	Green	Green
Accommodation	Sep	Red	Red	Red
Cast iron roofs	Sep	Yellow	Yellow	Yellow
Stone Conservation	Sep	Green	Green	Green
Savings Programme	Sep	Green	Green	Green
<b>Informed</b>				
Capability	Sep-10	Green	Green	Green
Remodelling	Sep-10	Green	Green	Green
SPIRE	Sep-10	Green	Yellow	Yellow
HR PPP	Sep-10			

## Strategic risks: OCTOBER 2010

	Period	RAG status		
		last month	this month	in 3 months
<b>Respected</b>				
Reputation of the House in general terms				
Reputation of the House Service specifically				
<b>Effective</b>				
<b>Efficient</b>				
Project benefits not realised				
Savings not realised				
Conflict between House Service goals and those of other stakeholders				
<b>Informed</b>				
Services for Members do not meet their needs				
Lack of public engagement				

## Escalated risks: OCTOBER 2010

	Period	RAG status		
		last month	this month	in 3 months
<b>Respected</b>				
[to be developed]				
<b>Effective</b>				
Disruption to proceedings due to breach in security				
Disruption to proceedings due to fire, flood etc				
Disruption to proceedings due to utility/infrastructure failure				
Disruption to proceedings due to IT failure				
<b>Efficient</b>				
Key supplier failure				
Loss due to poor financial management				
<b>Informed</b>				
Unable to recruit/retain suitable staff				

## Performance and risk highlight report **[Fol exempt]**

### 1. Business-as-usual performance indicators highlighted

<i>Indicator</i>	Mail delivery performance (10am deliveries)
<i>Performance</i>	69% in September
<i>Target</i>	77%
<i>Explanation for performance</i>	[to be completed]
<i>Proposed action</i>	[to be completed]

<i>Indicator</i>	Invoice payment
<i>Performance</i>	89.4% in September
<i>Target</i>	100%
<i>Explanation for performance</i>	[to be completed]
<i>Proposed action</i>	[to be completed]

### 2. Strategic milestones highlighted (programmes and projects)

<i>Milestone</i>	Accommodation programme
<i>RAG status</i>	RED in September
<i>Explanation</i>	Accommodation programme is currently scored RED. There are two components to this score. (1) The DR/DIS moves and Derby Gate refurbishment have now been halted and future programme funds have been returned to the centre. (2) The approved funding to resurface the roads to Canon Row and west/north of the Norman Shaw North building are only sufficient for the completion of stage 1 works.
<i>Proposed action</i>	[to be completed]

### 3. Strategic risks highlighted

<i>Risk</i>	
<i>RAG status</i>	RED
<i>Residual risk score: current</i>	
<i>Residual risk score: previous</i>	
<i>Explanation</i>	
<i>Proposed action</i>	

*[Could also include section on significant new or emerging risks]*



#### 4. Departmental risks escalated

<i>Risk</i>	
<i>RAG status</i>	RED
<i>Residual risk score: current</i>	
<i>Residual risk score: previous</i>	
<i>Explanation</i>	
<i>Proposed action</i>	[to be completed]

#### 5. Budgets and financial out-turns

*[This section would contain tables similar to those used currently, showing resource and capital expenditure by category and department.]*

#### 6. Detailed statistical tables

*[An optional section which could be used to provide a more detailed analysis of performance on a particular topic; or to provide time series data / graphs for selected indicators.]*