

Corporate Performance Management

Proposed Review of Performance Packs

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Contents

Contents	2
Background and Context	3
Review of Performance Packs	3
Actions Required of the Board	5

Background and Context

During 2013-14 the HSCIC developed a model of performance reporting based on monthly 'Performance Packs.' The packs present performance data and associated commentary, and are principally structured around a number of Key Performance Indicators (KPIs). The packs currently operate at three levels: the HSCIC Board, the Executive Management Team (EMT), and at individual directorate level. The development of the packs was an inclusive process, with significant engagement with key audiences including the Chairman, and Non-Executive Directors, EMT members, and other essential stakeholders

It is reasonable to expect an organisation such as HSCIC to appraise the content, format and effectiveness of its internal performance management arrangements regularly. The confluence of a number of factors suggests that now is an opportune time to review the current performance packs. There have been recent changes in senior leadership positions within the HSCIC, including the appointment of a new Chief Executive and new Non-Executive Directors. These new leaders are likely to bring fresh insight and new priorities in respect of performance management arrangements. In addition, a permanent Head of Business Intelligence has been recruited to provide new oversight of performance management arrangements. Finally, there is an emerging consensus that the performance packs have become either overly long, or too complex, or both (for instance, the monthly EMT pack now extends beyond 40 pages, many of which are populated with dense detail). As a result, although the performance packs contain relevant and important information, the reader can find it difficult to discern the overall position presented therein.

In its role as HSCIC's internal auditor, PriceWaterhouseCooper has recently completed an audit of a selection of KPIs contained in the performance pack. The findings of this audit support the view that a review of the performance packs is timely. Note that the findings of the PwC audit will be reported to the Audit and Risk Committee on 15 May.

Review of Performance Packs

During the next three months the Head of Business Intelligence will complete a review of the performance packs currently produced at Board, EMT and directorate levels. The review process will include extensive engagement with key audiences including the Chairman and Non-Executive Directors, EMT members, and other essential stakeholders. It will also include the capture and deployment of best practice examples from similar organisations. The intended output of the review is a refined family of performance packs that presents less as more: less information, less complexity; more analysis, and more clarity about HSCIC performance.

Without wishing to pre-determine the review process, an initial review by the Head of Business Intelligence, combined with the findings of the PwC internal audit report, suggests there is merit in exploring options under the following scope:

- **Rationalising** the number of KPIs contained in the performance packs. The current performance packs are organised around an agreed design principle that there should be no more than 20 KPIs in the EMT and directorate packs, and fewer in the Board pack. However, this design principle does not require that there must be 20 KPIs in the EMT and directorate packs. There could be merit in reducing this number if it is considered that some KPIs are not sufficiently meaningful to add value to the strategic management of the organisation.

- **Consolidating** the information presented for some of the KPIs. Some of the existing KPI information is presented in large and detailed dashboards. These dashboards contain much valuable information, but for some readers the most important information is not immediately apparent. It is important to note that reducing the amount of detail presented in the performance packs does not mean the organisation will be jettisoning information essential to managing its operations. The key balancing act is to present the right level of detail to the appropriate audience, whilst retaining access to more detailed information for operational management. Note that in due course the procurement of a performance management software product should facilitate intelligent drill-down through multiple layers of information.
- **Developing** and introducing new KPIs where there is a clear justification or business need. In some areas of proposed performance reporting it has proved difficult to develop a meaningful KPI. The review could explore alternative approaches to capturing these areas of performance. However, this could involve dropping some of these KPIs if it is considered safe and appropriate to do so. Conversely, it could involve introducing new KPIs if there are areas of strategic importance that are not currently addressed by the performance packs. This aspect of the review will also ensure that performance reporting arrangements align with business plan priorities.
- **Reducing** the reporting frequency for some areas of performance. A number of the existing KPIs are scheduled for quarterly or six monthly reporting. There is little value in retaining pages for these KPIs in a monthly performance pack. An alternative approach would see such items reported separately on a quarterly or six monthly basis, but still as part of the performance item on meeting agendas.
- **Sharpening** the commentary and analysis of HSCIC overall performance as identified in the packs. The performance packs present commentary, analysis and proposed actions for each of the KPIs considered individually. In addition, the packs contain a summary of KPI performance based on RAG ratings for each KPI. However, there is little attempt to weave together the multiple strands of information to present a coherent, overall analysis of current HSCIC performance, including areas for concern and direction of travel. Within the existing pack structure the Executive Summary provides an opportunity to present such analysis.
- **Automating** production of the performance packs. At present the production of the packs relies extensively on manual processes to compile the performance information. Reliance on manual processes can be inefficient and can introduce risks around data quality. Some components of the performance pack are currently supported by a degree of automation. The review of performance packs will explore opportunities to extend such automation to other areas. There is an emerging proposal to introduce an electronic performance management system that, in the medium term, will lead to greater automation and workflow management across the performance reporting process.

The expected timescale for completion of the review of the performance packs is three months. Some initial discussions have taken place, but a structured set of interviews and development sessions will be planned to take place in May and June. Non-Executive Directors should be expected to be contacted during May in order to contribute to this process. Within the above scope there are likely to be a number of 'quick wins' that could be introduced at an early opportunity. Other refinements could require more development time, and the general approach is one of continuous improvement over time.

Note that some initial changes have been made to the Board performance pack prepared for the May meeting. These are:

- The detailed performance dashboards concerning programme achievement have been located in the appendices rather than the main body of the pack. This reduces the quantity and complexity of information presented in the body of the performance pack whilst ensuring that the Board still receives this information.
- The financial management KPI relating to payments, debtors, and invoices has been removed. This information is not sufficiently strategic to merit inclusion in a board level performance pack.
- The public and patient engagement KPI has been removed for this month pending a review of the best means to capture and report this information.
- The KPI pages have been re-ordered so that the first few pages of performance information (programme achievement, finance, organisational health) align with the key performance issues identified in the Executive Summary. This is intended to support smoother navigation through the performance pack.
- The reputation KPI is retained in its existing form as this is an important issue for the organisation. However, this KPI is a candidate for review in order to develop an enhanced means of capturing and reporting information about HSCIC reputation.

Actions Required of the Board

The Board is requested to approve the proposed review of performance packs and to actively engage with it.