

SRA BOARD

8 October 2024

CLASSIFICATION – PUBLIC

*This paper will be published***Reviewing our Key Performance Indicators (KPIs)**

Reason for paper	This paper provides the Board with a high level summary of the results of an ongoing review of key performance indicators, as well as an opportunity to consider its preferences for future reporting.
Decisions(s)	The Board is asked to: <ul style="list-style-type: none"> a) note the direction of travel of the KPI review b) provide feedback on the balanced scorecard.
Previous Board and committee consideration	The Board receives performance reports which include a balanced scorecard comprised of a variety of key performance indicators, three times per annum.
Next steps	The Executive team will consider the Board's feedback and then review proposals for changes to the balanced scorecard. The first performance report for 2024/25 will reflect any agreed changes to the balanced scorecard. This will come to the Board at its meeting in January 2025.

If you have any questions about this paper, please contact Liz Rosser, Executive Director Operations and Resources, liz.rosser@sra.org.uk

SRA BOARD

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**Reviewing our Key Performance Indicators (KPIs)****Purpose**

- 1 This paper provides the Board with an overview of the findings of our annual review of KPIs, and an opportunity to provide a steer as we look to make improvements to them, especially on what is reported to the Board.

Introduction

- 2 We developed a “balanced scorecard” (BSC) for the Board in March 2020 and updated this in December 2021 to provide greater insight, with four quadrants of
 - “external” (on communication and stakeholder engagement)
 - “delivery” (operational performance)
 - “internal” (workforce engagement, wellbeing and retention)
 - “financial” (budget management).
- 3 This BSC is part of a wider performance pack which aims to provide the Board with the information it needs to monitor organisational performance and hold the executive to account for this. The pack consists of:
 - An overarching cover paper summarising the key issues
 - A finance report outlining actual income and expenditure versus budget and forecast
 - The balanced scorecard
 - A business plan performance report
 - A Legal Services Board performance assessment update.
- 4 The Board agreed in 2021 it would review its content annually to ensure it met its needs. The last time we reviewed the BSC was in March 2023. The main change was the introduction of two new delivery KPIs.
- 5 Different levels of our organisation’s leadership require different types and depth of performance information to allow them to effectively manage performance. As an example, we provided the ARC Chair with an insight into the KPIs we use in our two largest teams of Authorisation and Investigation in February. He was complimentary about the performance management information being used and gave positive feedback on it to the Board at the March meeting.

Internal review of KPIs

- 6 We have undertaken an extensive annual review of our key performance indicators across all directorates, on both the more numerous KPIs used by the executive for ongoing management of the organisation, and the KPIs included in the balanced scorecard for the Board. The scorecard is available for viewing by other stakeholders in published board papers.

SRA BOARD

8 October 2024

CLASSIFICATION – PUBLIC

- 7 Our review has concluded that we have much good practice in our performance management information, and that this has improved over time. We also concluded that we can make improvements to reflect changes in the organisation and external best practice.

Balanced scorecard review (BSC)

- 8 There are a number of positive elements in our current BSC:
- The external measures are on meaningful, including customer facing, things.
 - All delivery measures are meaningful and provide some coverage of the SRA's front line activities, including most of the larger directorate teams.
 - The "internal" element has widely recognised appropriate measures.
 - The key overall financial measure of variance to budget is included.
 - Information is provided for a useful period of over a year.
- 9 A number of potential areas for continuous improvement have also been identified, subject to Board feedback:
- Widening the coverage to include education and anti-money laundering KPIs. These are significant areas of activity not currently fully reflected in the BSC.
 - Balancing timeliness measures with quality ones.
 - Using timeliness measures that are easier for stakeholders to understand (average times).
 - Expanding use of available benchmarking of certain activities, for example the Institute of Customer Service satisfaction %, and people survey scores.
 - Structuring delivery measures using the five activities we use for activity-based costing our delivery (education, authorisation, investigation & enforcement, anti-money laundering and client protection).
 - Expanding the financial scorecard to:
 - present expenditure on the activity-based costing basis
 - distinguish variance analysis between income and expenditure that is by nature volatile (most significantly client protection and education), from what is controllable.
- 10 Some stretch targets have been proposed to add to the existing Investigation and Enforcement KPI targets. These were presented to the Board at the 17 September 2024 meeting.

Directors KPI pack review

- 11 Our review of the monthly KPI report used by Directors concluded that it should:
- be structured more similarly to the Board balanced scorecard (BSC)
 - include all measures on the BSC, plus some further KPIs, and remove some (de-escalated, to remain at local directorate leadership level)
 - have a widened view, including Resources directorates

SRA BOARD

8 October 2024

CLASSIFICATION – PUBLIC



- include additional internally reported “stretch” targets to underpin official externally reported KPI targets. Over time, as part of our drive to improve, we can where appropriate update the BSC KPIs to reflect the embedded stretch targets
- include data quality measures.

Review of directorate leadership KPIs

- 12 A number of “Power BI” (business intelligence) dashboard reports have been developed by some directorates, which are working well. Our review has concluded that we need to widen the use of such reports, using these successes as the model to follow.

Board feedback

- 13 We would welcome the Board’s view on whether the balanced scorecard, as currently constituted, provides it with what it needs for overseeing the performance of the organisation.

Recommendations: the Board is asked to:

- a) note the direction of travel of the KPI review
- b) provide feedback on the balanced scorecard.

Next steps

- 14 The first performance pack for 2024/25 will reflect any agreed changes to the balanced scorecard. This will come to the Board at its meeting in January 2025.