Developing a Public Sector Scorecard

Hertfordshire Fire & Rescue Service
Complimentary Case Study
Case Study: Hertfordshire Fire and Rescue Service

Summary
Hertfordshire Fire and Rescue Service has deployed a balanced scorecard to transform itself from an inwardly-focused to a community-focused organization, and to implement a strategy focused on proactively preventing fires as well as reactively responding to incidents.

The scorecard is also helping the service respond to a government programme to modernize the UK fire service, which builds on wider pressures to modernize public services generally.

Introduction
Headquartered in Hertford, UK, Hertfordshire Fire and Rescue Service has about 1,000 employees serving a population of 1.1 million. With an annual budget of £37 million it is part of Hertfordshire County Council, which has been designated an ‘excellent’ authority by the UK audit commission. (ref).

The UK fire service is presently undergoing substantial, and far-reaching, change. This is partly a result of the 2002 national strike by fire fighters which led to a government white paper in 2003 entitled ‘Our Fire and Rescue Service’. This stated the need for the modernization of the fire service (ref) but was also a consequence of the government’s wider public sector modernization agenda.

Introducing the Balanced Scorecard
The balanced scorecard was first introduced to Hertfordshire Fire and Rescue (F&R) Service in 1997. Assistant chief officer Jim Wallace was responsible for introducing the scorecard concept to the service. For several years he had been monitoring the development of the balanced scorecard for another organization – he joined Hertfordshire F&R in early 1997. He recalls:

“At that time the ethos and philosophy of the fire service was under pressure to change. The new government was saying to us that rather than focusing just on the number of fires we attend and deal with, we should also focus more closely on preventing fires happening in the first place.”

“We needed a mechanism to help reinvent the organization to reflect this change in emphasis.”
Moving from a reactive fire fighting service to a proactive fire safety and prevention service required F&R to become community-focused rather than internally-focused. After all, if they were to prevent fires they would have to spend more time in educational and communication modes. Wallace says:

“We knew what we wanted to achieve strategically and culturally and believed that the balanced scorecard would allow us, probably for the first time, to identify and draw up a strategy aimed at the community. It would also start to establish a way to measure whether or not we were delivering to that strategy.”

**Strategy and the Vision Statement**

Since 1997, the strategy of Hertfordshire F&R has gone through a number of changes. However, its core goal has remained steady: to support the county council’s promise to make Hertfordshire a safer place to live, work and travel.

F&R commits to this promise through its mission statement:
‘Working to protect, acting to save.’

Its foremost objective is the reduction of risk to life, risk of injury, and risk to property and the environment, from the occurrence of fire and other emergency incidents. To do this, Herts F&R proposes it will allocate appropriate resources aligned to priorities, according to identified local needs and providing value for money.

A vision statement comprising nine service commitments has been developed to further sharpen the focus of F&R. Hertfordshire F&R is committed to being:

- A service where the emphasis is on prevention and protection activities, but with the capability to intervene with an effective, efficient response whenever and wherever emergencies occur.
- A service which is involved with its community, which reflects the community, which is open and responsive to innovation and change, leading to sustainable improvement and providing value for money.

**Building the Scorecard**

Hertfordshire F&R’s balanced scorecard was first built in 1998. Championed by Wallace and divisional officer Frank Jones, its introduction followed that year’s annual management seminar, where the 14-strong management board (since reduced to six through restructuring to make the service more community-focused and responsive) were taken through the scorecard concept and how it would benefit F&R. However, Wallace recalls that senior management buy-in was certainly not instantaneous:
“There was a lot of cynicism. This was primarily because people felt that there wasn’t a need for us to do something like this. Also, we had a lot of initiatives going on within the service and this was seen as just another initiative. So the senior team essentially said ‘we hear what you say, we don’t actually think we need it, but go away and do it anyway.’”

Indeed, at the outset it was recognized that there would be some resistance to the scorecard and to change generally. After all, Hertfordshire F&R was lauded by external inspectors as one of the best fire services in the UK and Hertfordshire residents expressed high satisfaction rates with the service.

The Scorecard Explained

Hertfordshire F&R’s balanced scorecard comprises the four perspectives of community, internal processes, resources and personnel and development. In the scorecard, community was chosen as the top perspective to drive the importance of the external focus within the service.

Figure 1 shows the 17 critical success factors – CSFs (F&R’s term for strategic objectives) – that support its four perspectives. So there are CSFs from the community perspective such as ‘develop prevention methods’ and ‘reduce false alarms’ (the service responded to 3629 false alarms caused by automatic fire detection systems in 2002-2003). From the internal perspective, CSFs include ‘improve attendance standards’, while from the resource perspective CSFs include ‘deliver value for money’ and ‘develop data capture’. CSFs from the personnel and development perspective include ‘improve staff motivation’.

At the time of writing, the community perspective was being re-labelled ‘community, partnership and involvement’ to better signal the participative and collaborative nature of its community activities.

This re-labelling is part of wider restructuring of F&R’s balanced scorecard. For example, the original 21 CSFs are being whittled down to 14. Although the balanced scorecard system includes CSFs, measures, targets and initiatives, as in a conventional scorecard framework, Hertfordshire F&R has not thus far created a strategy map. Wallace says:

“We have struggled to see how the strategy map could accurately capture what we have to do. This is an issue for most public sector organizations. However, as a management team we agree that the strategy map could provide a more vivid and explicit link between our CSFs. Therefore we have accepted it as an important part of the strategic process.

“So we are presently in the process of creating our strategy map,
which is being facilitated by the planning projects and performance management department [see below]. However, the difficulty in creating a map that accurately displays what we have to do may impact the time it takes us to create the map.”

**The Results of Scorecard Usage**

Despite the absence of a strategy map, Hertfordshire F&R has certainly secured benefits from scorecard usage. Wallace also points to more qualitative benefits:

“We are certainly a more strategy-focused organization. When we began on our scorecard journey we didn’t have a robust strategic planning process. We were tactically as opposed to strategically focused, which was very much in keeping with our internal, as opposed to external, focus.”

**Figure 6.3.1: Herts F & R’s 17 Critical Success Factors**

<table>
<thead>
<tr>
<th>CRITICAL SUCCESS FACTORS</th>
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<tr>
<td><strong>COMMUNITY</strong></td>
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<tr>
<td>Develop prevention methods</td>
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<tr>
<td>Reduce deaths and injuries</td>
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<tr>
<td>Reduce fires</td>
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<tr>
<td>Reduce false alarms</td>
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<tr>
<td>Improve customer satisfaction</td>
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<td><strong>INTERNAL PROCESSES</strong></td>
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<td>Improve availability</td>
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<td>Improve attendance standards</td>
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<td>Improve training effectiveness</td>
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<td>Improve incident effectiveness</td>
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<td><strong>RESOURCES</strong></td>
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<td>Improve buildings</td>
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<td>Improve equipment</td>
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<tr>
<td>Improve vehicles</td>
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<tr>
<td>Deliver value for money</td>
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<tr>
<td>Develop data capture</td>
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<tr>
<td><strong>PERSONNEL AND DEVELOPMENT</strong></td>
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<tr>
<td>Improve staff motivation</td>
</tr>
<tr>
<td>Develop skills</td>
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<tr>
<td>Improve health, safety and welfare</td>
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He also says that when they began to measure performance it became clear that the community was being given services that F&R wanted to provide rather than services that the people really needed. Wallace comments:

“We were providing a one-size-fits-all approach. For example, we would have one set procedure for religious festivals, but weren’t making any special provisions for those festivals that use a lot of candles.

“We arrogantly believed that that we could give people what we wanted to and they would be happy. That’s not the way society expects public services to deliver any more and we had to recognize and respond to that change”.

He adds, “it was also recognized, through performance management and measurement, that people were doing things that we didn’t want them to do and that we had people in the wrong places.”

For example, although it was known that the numbers of arson attacks increased during school holidays, no special provision was made for dealing with this. As another example, ensuring that smoke alarms are installed and operational is a key priority. No special emphasis was made to account for the fact that often within disadvantaged areas there would be smoke alarms installed but the batteries may have been removed to serve another purpose – for the television remote control, for example.

**Scorecard Devolution**

Another key insight about the organization’s employees was found with regards to scorecard devolution. Wallace explains:

“The original plan was to keep the scorecard at the management board level, fearing that there would be significant resistance to the framework deeper inside the organization, because of ‘initiative overload’.”

However, once lower-level managers, at the six area and 32 local station levels, became aware of the scorecard their reaction was contrary to Wallace’s expectations:

“They were beginning to say ‘we want this, this is what we’ve been crying out for’.

“It was ironic that it was higher up the organization that we had resistance. This was an interesting learning point for us. Having said that, by the time we began to roll the scorecard out in 1999 the management board had changed dramatically and the new board composition was community and change focused, so it was much more pro-scorecard.”

Within Hertfordshire Fire and Rescue Service the balanced scorecard has been devolved to the local fire station level. Each station
commander has been assigned their own workbook (which is a briefing book through the pbviews automated scorecard software system – see below), which shows how the local initiatives within their activity plans link up to the strategic objectives and measures at the management board level. This process also ensures performance accountability and transparency at devolved levels. Wallace comments:

“We are able to link what is happening within local fire stations all the way up to the political promise. So the spine of the whole organization is visible.”

Software Support

The pbviews scorecard software solution, provided by Panorama Business Views, has played an important role in creating performance transparency. (ref) As Wallace says:

“Through the pbviews software top people are able to look on their desktop and see the performance of everyone across the county.”

Hertfordshire F&R has been using pbviews since 1999. Wallace chose pbviews because he had seen it in operation and found it user friendly. Importantly, it was also within the right cost bracket.

Automation has also helped improve performance reporting and reposition the management board from taking a tactical to a strategic view of performance. Wallace says:

“It’s quite right when scorecard experts say that executive boards spend 80 per cent of their time on tactics and 20 per cent on strategy. That’s exactly what we were doing at the end of the 1990s.”

Now the monthly management meetings focus on exception reporting and use the pbviews ‘traffic light’ system to focus attention on the success factors that are red (ie off target). On a quarterly basis, the management board has a full strategic review session to ensure that the success factors and measures are still appropriate.

Strategic Initiatives

Also important is ensuring that strategic initiatives are still appropriate for driving up performance. Making sure that initiatives are aligned to strategic needs is critically important simply because of the limited resources available to spend on discretionary action plans. Wallace says:

“With 84 per cent of our money swallowed up in people costs it doesn’t leave us much to spend on non-core activities, so we have to be very disciplined and focused upon where we allocate funds.”
For this reason, F&R has shaped what it calls a ‘both feet’ model. Through this, managers have to make a robust business case for funding. The model has to provide an impact analysis for any proposed initiative. This has to cover the following criteria:

- **B** – business objectives.
- **O** – opportunities for work/life balance.
- **T** – training.
- **H** – health and safety.
- **F** – finance and resources (people and property).
- **E** – equalities.
- **E** – environment.
- **T** – technology.

Wallace says:

“In making a proposal based on the ‘both feet’ model, managers have to show how the initiative will positively impact at least one of our critical success factors. If they can’t do this then the proposal will not even be considered.”

He adds that in initiative prioritization another question posed is, ‘if you give resources to this initiative, what will you switch off in order to do it?’

Wallace stresses that successfully using the scorecard is as much about what you stop doing as what you begin to do, otherwise more and more things are added until the scorecard becomes unmanageable.

**The 3pm Department**

Hertfordshire F&R is also aware that, for the scorecard to succeed over the longer term and to be fully instilled into the culture, it has to be managed internally. Consequently, the balanced scorecard process is now facilitated organization-wide by a five-strong planning, projects and performance management department (3pm).

Figure 6.3.2 shows an eight-step performance management framework used by the department to plan, resource and manage performance. The balanced scorecard feeds into each step of the process. Wallace says:

“The deputy chief officer is responsible for performance so oversees the work of this unit. My role in planning is to ensure the scorecard is aligned with what we are doing, is consistent with what the fire service is trying to achieve and that developments in the scorecard that take place nationally and internationally are fed through.”
Installing this department is itself a measure of how far F&R has travelled since the scorecard was first mooted in 1997. At that time, Wallace says, the idea of resourcing five people within a performance management function would have been way off senior management’s radar screen.

Importantly for the scorecard programme, and as cited earlier, this department is presently facilitating the creation of F&R’s first strategy map. Wallace admits that there is not a huge scorecard knowledge base within the organization and this is an important step in developing internal competence. It is also a good time to build the map as the strategy of F&R has been substantially changed over the last year to contend with fire service modernization.
Appraisal and Compensation

The modernizing programme is starting to have an effect on performance appraisal and compensation systems. Compensation is a scorecard area that proves a challenge within public service organizations. Says Wallace:

“As a result of the outcome of the national strike we now have an integrated personal development system [IPDS], which is a national initiative. This has transformed our traditional rank system to roles – so there won’t be a rank of leading fire fighter anymore, rather they will be an area manager or service manager.”

“That then leads into an appraisal of the officer’s competence. The higher the competence, the higher the rate of pay.”

“This links back to the scorecard because IPDS is a strategic objective under the personnel and development perspective.”

Challenges Facing Scorecard Implementation

Wallace admits that scorecard implementation has not always been an easy ride. The lack of clear senior management buy-in at the outset meant that huge responsibility for the success of the programme rested on Wallace and Jones. Wallace says that the time spent working to secure the buy-in of managers at different levels didn’t ease the workload of the two scorecard champions. He says:

“In hindsight I would have opted for a bit more cerebral arrogance and said ‘we’re not going to get everyone on board, and we can’t wait so we’re going to move forward.’”

“I would say that sustainability is the biggest challenge. People like the scorecard because it is simple and provides a strategic focus. However, they have to work to keep it serviced so that it remains appropriate and driving the right behaviours to deliver to the county council’s promise of making Hertfordshire a safer place to live, travel and work in.”

Another ongoing challenge according to Wallace, and one that is common to public sector bodies, is knowing what measures to put on the scorecard considering all the things the service must report.

Conclusion: Future Plans

The focus of Hertfordshire Fire and Rescue service is on creating the strategy map and better describing the causal links between and within the perspectives. It is also envisaged that the planning, projects and performance management department will become a powerful group for facilitating the performance of people and the
collection and analysis of data. This, Wallace says, will keep the senior team out of the detail and allow it to focus on strategy.

Although the number of critical success factors, or ‘strategic objectives’, has thus far been reduced from 21 to 17 and soon to 14, Wallace would like a further reduction to ten or 12. He says:

“Critical success factors are (for any organization) the limited number of areas in which results, if they are satisfactory, will ensure successful performance for the organization. They are the few key areas where things must go right for this business to flourish.

“These critical factors should be as few and as focused as possible. Then the organization can become truly strategy-focused.”
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