

BBRT®

Public Sector Interest Group (PSIG)

What is the Beyond Budgeting idea?

A set of performance management principles whose adoption leads to:

- More dynamic performance management processes that enable organisations to be more responsive and thus create more value
- A management model that enables greater devolution of responsibility that leads to increased employee and 'customer' satisfaction

What is the BBRT®?

The BBRT is an idea (the "BB" model) and a community (the round table - "RT"). The BBRT, an independent international research collaborative, supports a global network of regions and members that share knowledge for mutual benefit. It is at the centre of a new movement to build lean, adaptive and ethical organisations.

Over 50 members have participated including Unilever, Schneider Electric, Scottish Enterprise, Clariant International, Charles Schwab and The World Bank. Current PSIG members include the British Council, ConstructionSkills, Oxleas NHS Foundation Trust, SEEDA, IFAD, Scottish Enterprise and The World Bank

What is the purpose of the Public Sector Interest Group?

Launched in 2004, this interest group seeks to find ways to adapt the Beyond Budgeting principles to enhance budgeting, planning and performance management throughout the public sector by:

- Enabling members to understand and implement the Beyond Budgeting principles
- Exchanging ideas to facilitate the advancement of new performance management concepts and tools within the public sector environment
- Identifying and sharing best practices and lessons learned
- Supporting coordinated initiatives such as learning programmes
- Producing a specific deliverable (report) - *"Performance Management - A Charter for Change in the Public Sector"*

What is the scope of the Public Sector Interest Group?

The interest group works to promote 'best practice' research and produce reports based on case visits and shared discussion. The interest group members determine the topics such as:

- Goal setting
- Pay for performance
- Planning and control (e.g. multi-year models)
- Measuring success - outcomes
- Forecasting
- Resource management
- Reporting and control
- Implementation and change management
- Cost reduction strategies
- Investment management
- Management roles and responsibilities
- Process management, cost allocations and internal markets

What are the key principles for Beyond Budgeting?

The Beyond Budgeting idea is founded on twelve key principles (1-6 relate to performance management process principles and 7-12 relate to leadership):

The 12 Beyond Budgeting model principles	
Leadership actions	
1. Outcomes	Focus everyone on the outcomes, <i>not on hierarchical relationships</i>
2. Processes	Organize as a lean network of accountable teams, <i>not as centralized functions</i>
3. Autonomy	Give teams the freedom and capability to act, <i>don't micro-manage them</i>
4. Responsibility	Create a high responsibility culture at every level, <i>not just in the centre</i>
5. Transparency	Promote open information for self-management, <i>don't restrict it hierarchically</i>
6. Governance	Adopt a few clear values, goals and boundaries, <i>not detailed regulations</i>
Management processes to support leadership actions	
1. Goals	Set aspirational relative goals for continuous improvement, <i>don't negotiate fixed contracts</i>
2. Rewards	Reward shared success based on relative performance, <i>not on fixed targets</i>
3. Planning	Make planning a continuous and inclusive process, <i>not an annual event</i>
4. Controls	Base controls on relative KPIs and performance trends, <i>not variances against plan</i>
5. Resources	Make resources available as needed, <i>not through annual budget allocations</i>
6. Coordination	Coordinate interactions dynamically, <i>not through annual planning cycles</i>

Why should you adopt the Beyond Budgeting principles?

1. Eliminate a process that is too protracted, expensive and adds too little value
2. Focus everyone on maximising value for all stakeholders
3. Effect a permanent (and significant) reduction in bureaucracy and costs
4. Make the organisation more agile and adaptable to change
5. Eliminate gaming and other dysfunctional behaviour leading to better governance
6. Release the energy and enterprise for all your people

Who should participate?

The interest group is open to all organisations from the public and non-profit sectors, including Local Authorities, Healthcare, Education, Central Government, Executive Agencies, and Development Agencies etc. Although this interest group is attracting both senior financial and planning executives, we have learned from experience to include anyone with an interest in improving the performance management process.

What is the Member Calendar?

The PSIG normally has three meetings per year in addition to the main BBRT European Members' meeting. The meeting dates for 2008 are as follows:

- 14 or 18 March 2007 - PSIG meeting
- April 2007 - Main BBRT European Meeting
- 8 July 2007 - PSIG meeting
- 6 November 2007 - Main BBRT European Meeting
- 9 December 2007 - PSIG meeting

What will a typical meeting agenda look like?

Each meeting has a different theme agreed in advance with the members. The themes address the beyond Budgeting principles and principle areas of concern to members. A typical meeting agenda may include:

- Host case - Host organisation presentation and discussion
- Cases corner - Case reports (if available)
- Paper introducing the theme - Prior to the meeting a research paper is prepared introducing the theme and circulated to all PSIG members
- Participating organisation presentations and discussion - Each participating organization talks or presents for about 20 minutes on their current and planned approaches and progress relating to the theme, finishing with issues that are of most concern and questions for the group. These issues are then discussed by all participants
- Links to tools and other models - Paper on ABM, benchmarking, systems thinking etc., followed by discussion and shared experiences of members
- Organisation issues - Paper on special issues concerning organisational structure or how the model needs to be adapted for different business areas followed by discussion and shared experiences of members
- The report - discussion on the work in progress on the PSIG report
- Management roles perspectives - Paper on how management roles might change (e.g. finance, planning, HR, IT etc.) followed by discussion and shared experiences of members
- Change management issues - Paper on selected change management issues (e.g. selling the case) followed by discussion and shared experiences of members
- Special research reports - Commissioned from time to time depending on need and funding
- Conclusions - conclusions are drawn from the inputs and discussion on the theme. These will be used in formulating the PSIG report
- Future meeting themes - developing the themes to be addressed in the next 3 or 4 meetings

What are the membership benefits and associated fees?

Membership in the Public Sector Interest Group is based on an annual membership and includes participation in the main BBRT. Benefits include:

<i>Interest Group Benefits</i>	<i>Annual Membership</i>
<ul style="list-style-type: none"> • Shared learning network concerning public sector issues • Focus in specific areas of interest for Public Sector organisations • Open to global participation • Facilitated and research conducted by the BBRT leaders • Regular PSIG meetings per year • Research conducted between meetings • Access to a Public Sector Interest Group private forum on the BBRT web site • Development by the group of a specific report on changing performance management in the public sector. This will be supported by the BBRT team with research and cases studies - see <i>below</i> • Papers and articles to help bring pressure to bear on government ministers etc. to modify their approach to one more in line with the PSIG developments. 	<p>Special fee £9,000</p> <p>This is for both Interest Group and BBRT membership and represents a 25% reduction over the standard combined BBRT and SIG fee of £12,000 p.a.</p>
<i>Additional BBRT Member benefits</i>	
<ul style="list-style-type: none"> • Join the overall BBRT shared learning network • Access to all accumulated and new intellectual capital (case studies, research reports and meeting notes) for in-house use • Attendance by individuals at any BBRT general meetings worldwide • At least two meetings per year in Europe in addition to the PSIG meetings • Distribution of all new case studies and research reports. Research series papers at approximately 3-4 week intervals (current series: Performance Management INSIGHTS) • Use of the BBRT's web-based diagnostic • Access to BBRT web site private forum • Web site plus frequent email newsletters 	

Performance Management – A Charter for Change in the Public Sector

It is proposed that the major research and development activity of the BBRT Public Sector Interest Group (PSIG) should focus on a report that will set out a charter for change in performance management in the public sector. It is planned that an interim version of this report will be available to members during 2008. The final version will depend on the scope of additional work required beyond the interim version. This report will be a joint development between the PSIG members and the BBRT Research Team.

Report objective

The objective is to jointly develop a specific report that each member organisation might use for the following purposes:

- To define a vision for how the performance management system might change
- To set out a likely road map for change
- To propose ideas on how to make the case for change inside the organisation
- To help guide implementation of the principles within the member organisation
- To guide the top executives within the member organisation in their discussions with higher levels of Government to support the case for change
- To influence Central Government on the need for change including the identification of benefits that might accrue

Potential areas to be addressed

It is proposed that the report will address issues of great importance to the public sector, such as:

- How to improve performance management in the public sector
- The need for a clear strategy and how this can be deployed in the organisation
- How to develop a clear understanding of what success looks like in the organisation and the how goals, actions and measures should be aligned
- How to move to a rolling planning and forecasting process while still satisfying the legal and Treasury requirements for an annual "Budget"
- How to manage resources in a much more dynamic way rather than just slavishly adhering to the twelve-month Budget
- How to develop and deploy "internal" performance management issues (e.g. improve VFM and maximise impact)
- How to accommodate "external" performance issues (e.g. increasing demands for efficiency savings)
- Whether we need to redefine the Beyond Budgeting Principles to bring them into line with public sector language and thinking.

Deliverable development and timeframe

The development activities are set out in the table below. The actual writing of the report and much of the research behind it will be carried out by the BBRT Directors between meetings, but its development and content will be the main focus of the regular PSIG meetings. This deliverable is about "learning by doing" as much of the learning will come from reviewing papers and chapters, debating and discussing the issues, sharing experiences and providing input to the research.

The results of case studies, research activities and members' experiences and thoughts will be built into the report. It is proposed that the report should contain the names and affiliations of all the members that have been involved in its development (provided that they agree). This will demonstrate to those reading and using the report that this is the combined thinking and experiences of a wide group of people from public sector organisations.

1. Scope of the project:
 - Define the scope.
 - Agree outline of final report.
2. Project process and method
 - Case visits and reports (3-4 cases).
 - Research papers (topics might include: target setting, public sector budgetary issues, and HM Treasury views).
 - Regular meetings (agenda and discussion paper circulated in advance) to debate issues, bring in and discuss evidence and experience from member organisations.
3. Case for change
 - Align with scope (e.g. Targets and rewards, planning and forecasting, resource management, reporting and control).
 - Produce first part of final report for circulation.
4. Implementation proposals
 - Vision for change.
 - Road map for change.
 - Selling the case.
5. Project deliverables
 - Interim report
 - Final report.
6. Further options

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