

# Agency Board

## 29 April 2025

# Performance measurement framework

## Purpose:

This paper outlines the proposed performance measurement framework for SEPA, including draft Objectives and Key Results for the Annual Operating Plan 2025-2026, for consideration by the Agency Board. This will provide the principles of our performance measurement to the end of our current Corporate Plan 2024-2027.

## Recommendations:

The Agency Board is asked to approve the proposed performance measurement framework.

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### Introduction

* 1. SEPA’s performance measurement framework aims to provide a structured way to track our strategic and operational progress, prioritise resources, and enhance accountability.
  2. We fully embedded performance measurement into our Annual Operating Plan 2025-2026 (AOP) development process. We worked collaboratively with teams across the organisation to develop Objectives and Key Results (OKRs) and confirm a range of Key Performance Indicators (KPIs). Together these measures will more effectively enable SEPA to monitor and report on delivery against our strategic objectives, our impact on the environment in Scotland and our organisational effectiveness.
  3. CLT reviewed the draft proposed OKRs and KPIs at their meeting on 9 April, with suggested refinements captured. We have also included feedback received directly from Board members and at the session held on Tuesday 15 April, where possible.

### Development of KPIs

* 1. We previously conducted a comprehensive and collaborative process to define organisational KPIs that were both meaningful and feasible to track. These were selected to cover our strategic priorities from our [Corporate Plan 2024-2027](https://beta.sepa.scot/about-sepa/who-we-are/our-performance/corporate-plan/) and aligned to SEPA’s “What we do” pillars. From this process, approximately 30 KPIs were agreed in addition to our eight strategic measures from our Corporate Plan.
  2. We have an opportunity through our AOP development to strengthen and clarify the KPIs in our performance measurement. Through this, we:
     1. Undertook a light touch review of our current KPIs with teams to determine whether these could be strengthened. An additional nine KPIs are proposed for inclusion in the performance framework. We are also proposing three KPIs are removed from the framework but remain reported through the Audit, Risk and Assurance Committee. Following Board feedback, two KPIs are proposed for removal. These changes are highlighted in appendix one.
     2. Aligned relevant KPIs to the strategic priorities outlined in our Corporate Plan alongside our current strategic measures. This will provide consistent, recurring measures over three years and allow progress to be evaluated over this time. We will refer to these as our key strategic and operational performance indicators to clarify the language around our measurement.
     3. Provide clarity on the type of measures we are reporting by noting whether they are:
  + **Indirect influence** – Longer term, 'state of the environment' type measures. SEPA is responsible for reporting Scottish data but not wholly responsible for achieving these measures. We contribute to these as part of a complex system, alongside a range of other partners and interventions. For example, rates of waste to landfill.
  + **Direct influence –** Short to medium-term measures that demonstrate where and how SEPA adds value or facilitates impact, working either directly or collaboratively. For example, new developments approved in accordance with SEPA's advice on flood risk.
  + **Direct control –** Typically short-term measures where SEPA has complete autonomy over decision makings. Usually internally focused. For example, increasing number of vehicles in our fleet to electric and enhancing our electric vehicle (EV) charger facilities.
    1. Complete performance record tables for all strategic and operational KPIs to confirm baselines, targets, performance thresholds and reporting arrangements and be clear on what success means for each indicator.
    2. Develop our corporate performance dashboard with the suite of KPIs to reflect the above changes. This will be a visual dashboard to track our indicators, providing up to date data and insights at a glance to support data-driven decision-making and performance optimization.
  1. We recognise there are limitations with some of our KPIs as they are not the most relevant or effective measures, but we are also limited in our ability to replace them at this current time. However, as our enabling strategies and frameworks are embedded, and we build capabilities through our system and process improvements, we would expect to see more effective, impact and outcomes-focused measures replace these.
  2. We will have similar opportunities in the transformation space once our new Head of Transformation is in position, we establish our refreshed PMO, and our transformation activities mature. Therefore, at this time it would be premature to include any specific measures or objectives in our public facing performance measurement framework.

### Development of OKRs

* 1. We are developing objectives and key results (OKRs) to set out our clear, short-term priorities for the year ahead. OKRs aim to drive focussed change, improvement or impact and help us align resources with our strategic goals. We will be accountable for their delivery.
  2. The guiding principles of OKRs is they should be ambitious by design. We therefore want to ensure these are stretch focused, pushing the organisation to reach beyond the current state while ensuring we consider any unintended consequences.
  3. We used the prioritised key deliverables for 2025-2026 received from Portfolio Leadership Teams as the starting point for OKR development. Our ambition was to finalise around 10 annual objectives for the organisation with coverage across all Corporate Plan priority themes. Between 3 and 5 Key Results would be created for each objective to quantify the progress towards achievement. OKRs should be limited to a few key objectives because they require concentrated resources, time, and effort to drive meaningful change and strategic growth.
  4. We worked collaboratively with teams to agree 11 draft OKRs. These were circulated to key colleagues for feedback. We aimed to ensure the key results show progress throughout the year and that they would act as positive influence on behaviours, not as a driver for performance ‘gaming’.
  5. We recognise that at this current point in time, we may not be in a position to publicly confirm some key results, as we require initial activities to be complete or baselines to be established before we can accurately determine success. We have therefore noted these as future key results in the appendix and will not include the detail of these in our AOP. We will refine and finalise these key results in-year as part of our quarterly corporate performance reporting process as our plans mature.

### Summary

* 1. The final draft OKRs are shown in appendix 1, alongside our current strategic and operational KPIs. A summary of these will be included in our Annual Operating Plan.
  2. Together, our KPIs and annual OKRs provide an integrated perspective of our performance. KPIs provide a continuous view of our strategic and operational performance while OKRs will drive change against our annual areas of focus. Both are linked to and support the strategic priorities in our Corporate Plan.
  3. Collectively, they will better enable us to reflect on progress towards our priorities and meeting our statutory requirements, identify what is driving delivery, what is hindering progress and where things need to change. This will also help ensure SEPA’s priorities are more clearly communicated and understood to key stakeholders, providing a more complete picture of how well SEPA is meeting its goals.
  4. We expect that improved clarity on our performance measures will help colleagues see how and where they are contributing to SEPA’s success, supporting improved engagement as we strive to deliver the greatest impact for Scotland’s environment with our available resources.
  5. As mentioned, our measures will also continue to evolve becoming more robust as we mature and build capability through our enabling systems, supporting frameworks and processes. We will continue to revise and improve how we report performance in line with the proposal and our Corporate Plan priorities, and over time, build the full suite of KPIs into our newly developed performance dashboard.

### Recommendations

* 1. The Agency Board is asked to approve the proposed performance measurement framework.

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